

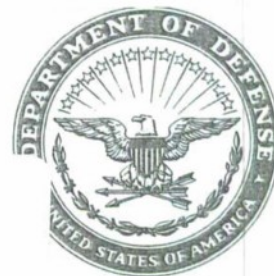
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THE BUDGET OF THE UNITED STATES GOVERNMENT

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*DEPARTMENT OF DEFENSE EXTRACT
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FEBRUARY 1, 1984



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FOREWORD

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Annually and immediately following the submission of The Budget of the United States Government, by the President to the Congress, the Department of Defense extracts appropriate portions for reprinting and distribution within the department. This reprint is referred to as the "Department of Defense Extract" of the Budget of the United States Government.

Copies are made available to all components of the department based on requests from each component. The remaining copies are provided to the Publications Counter, Pentagon, Room 3B960. These copies are available for additional DoD distribution only until the supply is exhausted.

Copies for distribution outside the Department of Defense must be purchased from the Government Printing Office.

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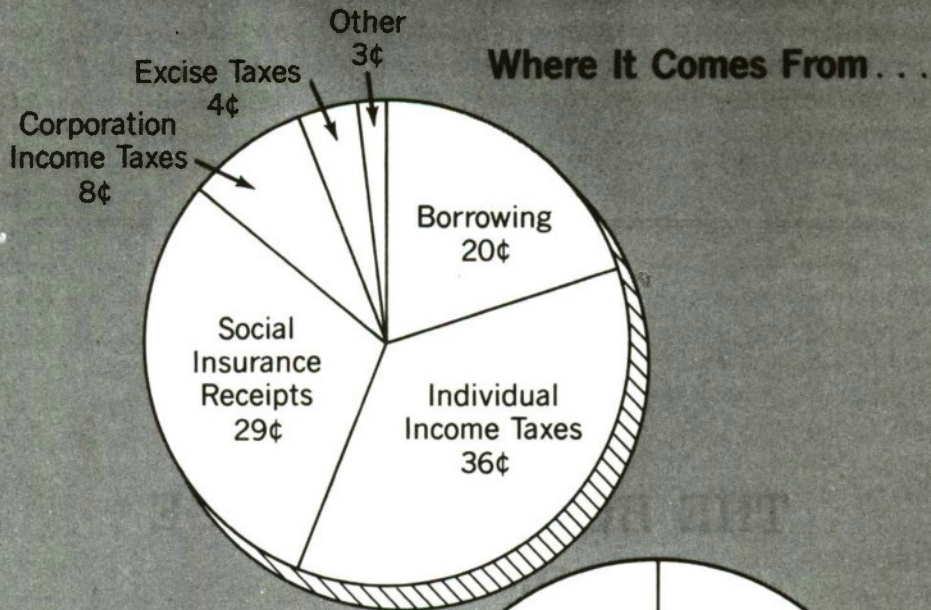
PART 1

THE BUDGET MESSAGE
OF THE
PRESIDENT

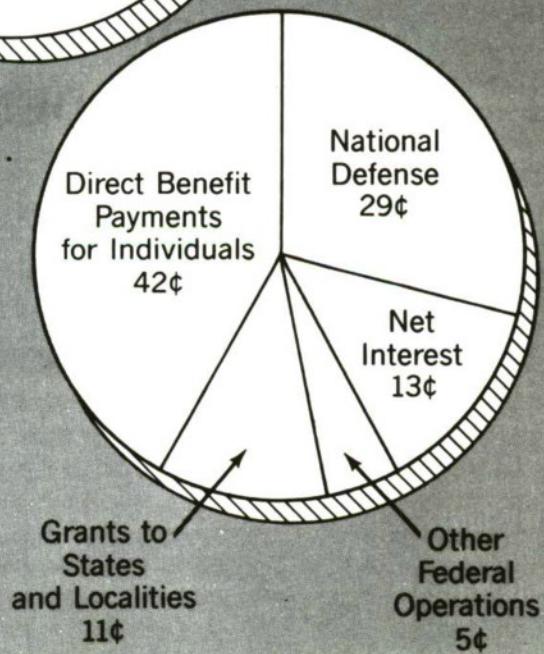
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The Budget Dollar

Fiscal Year 1985 Estimate



Where It Goes . . .



BUDGET MESSAGE OF THE PRESIDENT

To the Congress of the United States:

In the past year, the Nation's prospects have brightened considerably. The economy has grown strongly—beyond expectation. Inflation has been reduced to its lowest rate in 16 years. Unemployment has declined faster than at any other time in 30 years. We are well on our way to sustained long-term prosperity without runaway inflation.

Our national security is being restored. Our domestic programs are being streamlined to reflect more accurately the proper scope of Government responsibility and intervention in our lives. Government operations are being made more effective and efficient, as steps are taken to reduce costs.

These developments are the result of the program I proposed 3 years ago to correct the severe economic and political problems caused by previous short-sighted and misguided policies and priorities. That program focused on long-range real growth. My tax proposals were designed to provide badly needed incentives for saving and productive investment. I supported the Federal Reserve in its pursuit of sound monetary policy. I worked with the Congress to reverse the growth of Government programs that had become too large or had outlived their usefulness, and as a result, domestic programs, which had been growing rapidly for 3 decades, have finally been contained. I worked to eliminate or simplify unnecessary or burdensome regulations.

To the Nation's great good fortune, the preceding Congress appreciated the fundamental soundness of this program and joined with my administration in helping to make it a reality. Frequently, because of entrenched constituency special interests, the political risks involved in doing so were great. I thanked Members then, and continue to be grateful, for the crucial support my program received. The Nation is now beginning to reap the solid fruits of our joint perseverance and foresight.

The economy's response has fully vindicated my economic program. During the past 2 years the percentage rise in consumer price index has been no more than it was during the first 6 months of 1980. Economic recovery has been vigorous during the past year, with real GNP rising over 6% and industrial production by 16%. Unemployment, though still unacceptably high, has declined by a record 2½ percentage points in a single year. Capacity utilization

M3

in American plants has risen dramatically. Business investment in new plant and equipment has risen 11½% in the past year, in real terms. American productivity, stagnant from 1977 to 1981, climbed 3.7% between the third quarter of 1982 and the third quarter of 1983. Interest rates declined substantially in mid-1982, followed by a major, sustained rally of the stock market that added half a trillion dollars to the net financial worth of American households. Real disposable personal income rose 5.1% in 1983. After a substantial decline, the U.S. dollar has rallied powerfully to its highest level in more than a decade.

We are not, however, out of the woods yet. Despite our success in reducing the rate of growth of nondefense spending in the last three budgets, spending in 1985 will exceed 1981 levels by 41%, reflecting continued increases in basic entitlement programs, essential increases in defense spending, and rapid growth of interest costs. Clearly, much remains to be done. The task of rebuilding our military forces to adequate levels must be carried to completion, and our commitment to provide economic and military support to small, poor nations that are struggling to preserve democracy must be honored. At the same time, further action is required to curb the size and growth of many programs and to achieve managerial efficiencies throughout Government, wherever the opportunity is present.

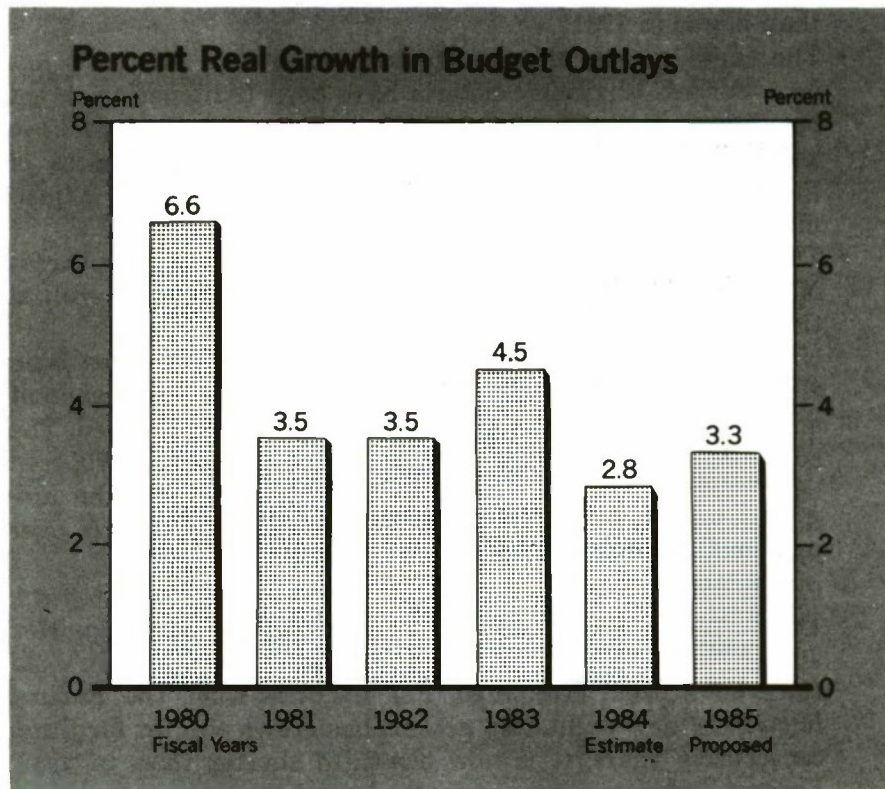
THREE YEARS OF ACCOMPLISHMENT

Last year, I reviewed the dramatic improvements during the preceding 2 years in Government operations, and in the way they affect the economy. I am happy to report that these improvements continued through a third year.

- Where the growth rate of spending was almost out of control at 17.4% a year in 1980, it will decline to 7.3% this year.
- Where spending grew 64% over the 4 years from 1977 to 1981, it will rise by only 41% over the 4-year period from 1981 to 1985, despite legislated cost-of-living adjustments and the needed defense buildup.
- The Federal tax system has been significantly restructured. Marginal income tax rates have been substantially reduced, greatly improving the climate for saving and investment. Depreciation reform has been enacted, restoring the value of depreciation allowances eroded by inflation. Tax loopholes have been closed, making the tax structure more equitable. Efforts have been made to shift to financing Government programs through user fees commensurate with benefits and services provided.
- Our military strength is being restored to more adequate levels.

- Domestic spending, which grew nearly 3-fold in real terms in a little more than 2 decades, will actually be lower this year than it was in 1981.
- The rapid growth of means-tested entitlement programs has been curbed. Eligibility criteria have been tightened to target benefits more to the truly needy, and significant steps have been taken to improve the efficiency and effectiveness of these programs. Unnecessarily frequent cost-of-living adjustments were pared back.
- The social security system has been rescued from the threat of insolvency raised by rampant inflation, excessive liberalizations, and lagging growth of its tax base.
- Unnecessary or excessive Federal credit activities have been eliminated or cut back. Improvements in the management and control of Federal credit activities are being pursued. The administration has supported the basic intent of proposed legislation that would move off-budget lending onto the unified budget, in order to provide better budgetary control over Federal lending.
- Proliferation of regulations and red tape has been stopped. The number of new Federal rules has fallen by over a quarter during the past three years, and hundreds of unnecessary old rules have been eliminated. For the first time, the *Federal Register* of new regulatory actions has grown shorter for three consecutive years; it is now one-third shorter than in 1980. Federal paperwork requirements have been cut by well over 300 million hours annually, and will be reduced even further in 1984. This has saved the American public over 150,000 work-years that had been spent every year filling out unnecessary Federal forms and reports. Our regulatory reform efforts to date will save individual citizens, businesses, and State and local governments over \$150 billion over the next decade.
- Major management improvement initiatives are underway that will fundamentally change the way the Federal Government operates. The President's Council on Integrity and Efficiency has reported \$31 billion in cost reductions or funds put to better use.
- The Federal nondefense work force has been reduced by 71,000 employees since I took office.

These are impressive accomplishments—accomplishments to be proud of and to build on. And together we can build on them. With this budget I call on all Members of the Congress once again for additional steps to ensure the firmness of our foundations and overcome the Nation's budget problem.



MAINTAINING ECONOMIC RECOVERY

Before us stands the prospect of an extended era of peace, prosperity, growth, and a rising standard of living for all Americans. What must we do to ensure that that promise shall be realized and enjoyed in the years to come? What must we do to ensure that the high price of adjustment to this new era paid by the Nation in recent years shall not have been paid in vain?

All signs point to continued strong economic growth, vigorous investment, and rising productivity, without renewed inflation—all but one. Only the threat of indefinitely prolonged high budget deficits threatens the continuation of sustained noninflationary growth and prosperity. It raises the specter of sharply higher interest rates, choked-off investment, renewed recession, and rising unemployment.

This specter must be laid to rest: just as fears of rampant inflation and its attendant evils are being laid to rest; just as fears of helplessness before growth in Soviet military might and all it threatens are being laid to rest; just as fears that the Nation's

social security system would "go under" have been laid to rest. A number of actions will be required to lay it to rest. This budget requests these actions of Congress; it calls for measures to continue to curb the upward momentum of Federal spending and to increase Federal receipts. Other actions involve such fundamental reform of our fiscal procedures that they will require that the Constitution be amended.

Congress has each year enacted a portion of my budget proposals, while ignoring others for the time being. It is moving slowly, year by year, toward the full needed set of budget adjustments. I urge the Congress to enact this year not only the proposals contained in this budget, but also constitutional amendments providing for a line-item veto and for a balanced budget—rather than the fitful policy of enacting a half-hearted reform this year, another one next year, and so on.

Where Congress lacks the will to enforce upon itself the strict fiscal diet that is now necessary, it needs the help of the Executive Branch. We need a constitutional amendment granting the President power to veto individual items in appropriations bills. Forty-three of the fifty States give this authority to their governors. Congress has approved a line item veto for the District of Columbia, Puerto Rico, and the trust territories. It is now time for Congress to grant this same authority to the President. As Governor of California, I was able to use the line-item veto as a powerful tool against wasteful government spending. It works, and works well, in State government. Every number in this document bears testimony to the urgent need for the Federal Government to adopt this fundamental fiscal reform.

Let us also heed the people and finally support a constitutional amendment mandating balanced Federal budgets and spending limits. I encourage our citizens to keep working for this at the grassroots. If you want to make it happen, it will happen.

We must seek a bipartisan basis for fundamental reforms of Government spending programs. We need to reexamine just what, how, and how much the Federal Government should be doing—given our need for security and well-being and our desire to leave power and resources with the people. The President's Private Sector Survey on Cost Control (Grace Commission) has already come up with some interesting suggestions in this regard that, with the help of the Congress, will be adopted wherever possible.

To those who say we must raise taxes, I say wait. Tax increases pile unfair burdens on the people, hurt capital formation, and destroy incentives for growth. Tax cuts helped sustain the recovery, leading to faster growth and more jobs. Rather than risk sabotaging our future, let us go forward with an historic reform for fair-

ness, simplicity, and growth. It is time to simplify the entire tax code so everyone is on equal footing.

The tax system must be made simpler and fairer; honest people should not pay for cheaters; the underground economy should come back into the sunlight; and everyone's tax rates should be reduced to spark more savings, investment, and incentives for work and economic growth. This is the blueprint for a brighter future and a fairer tax system. Therefore, I am directing the Department of the Treasury to complete a study with recommendations by the end of the year.

With these changes completed and the necessary fiscal tools in place, I am confident that we can devise a sweeping set of fiscal policy changes designed to reduce substantially the persistent Federal deficits that cloud our otherwise bright economic future. The plan must be based on these cardinal principles:

- It must be bipartisan. Overcoming the deficits and putting the Government's house in order will require everyone's best efforts.
- It must be fair. Just as all Americans will share in the benefits that are coming from recovery, all should share fairly in the burden of transition to a more limited role of Government in our society.
- It must be prudent. The strength of our national defense must be restored so that we can pursue prosperity in peace and freedom, while maintaining our commitment to the truly needy.
- Finally, it must be realistic. Government spending will not be curbed by wishful thinking.

In the meantime, the proposals in this budget provide important additional steps toward reducing the deficit.

MEETING FEDERAL RESPONSIBILITIES

My administration seeks to limit the size, intrusiveness, and cost of Federal activities as much as possible and to achieve the needed increase in our defense capabilities in the most cost-effective manner possible. This does not mean that appropriate Federal responsibilities are being abandoned, neglected, or inadequately supported. Instead, ways are being found to streamline Federal activity, to limit it to those areas and responsibilities that are truly Federal in nature; to ensure that these appropriate Federal responsibilities are performed in the most cost-effective and efficient manner; and to aid State and local governments in carrying out their appropriate public responsibilities in a similarly cost-effective manner. The Nation must ask for no more publicly-provided services and benefits than the taxpayers can reasonably be asked to finance.

Education.—I have devoted considerable time this year to the problems of our schools. The record of the last two decades is not good, though relieved in places by the efforts of many dedicated teachers, administrators, parents, and students. It has been extremely gratifying to observe the response all across the country to my call for a renewed commitment to educational excellence. Excellence in education will only happen when the States and school districts, parents and teachers, and our children devote themselves to the hard work necessary to achieve it. Federal money cannot buy educational excellence. It has not in the past and will not in the future. What we will do in this budget is seek resources to help the States plan and carry out education reforms. My budget includes \$729 million, about 50% more than Congress appropriated for 1984, for the education block grant and discretionary fund. States and localities will receive this increase in resources and be able to use the funds for education reform without Federal prescription and interference.

The budget also provides for stabilizing funding for almost all major education State grant programs at the 1984 level and in the future allows room for modest growth for most of these programs.

Finally, the budget reflects continued support of several more important initiatives that will strengthen American education:

- Enactment of tuition tax credits for parents who send their children to qualified private or religiously-affiliated schools.
- Establishment of education savings accounts to give middle- and lower-income families an incentive to save for their children's college education and, at the same time, to encourage a real increase in saving for economic growth.
- Reorientation of student aid programs to ensure that students and families meet their responsibilities for financing higher education.
- Permission for States or localities, if they so choose, to use their compensatory education funds to establish voucher programs to broaden family choice of effective schooling methods for educationally disadvantaged children.
- Assistance to States to train more mathematics and science teachers.

Training and employment.—While the economic forecast predicts continuing improvement in the economy and further steady declines in the unemployment rate, I recognize that there are those who lack the skills to find and hold steady jobs. This is particularly true for some of our youth. In the past, Federal training and employment programs have not always helped these people gain the skills needed for success in the job market. Instead the Government spent precious tax dollars funding temporary, dead-end, make-work jobs that did little, if anything, to prepare these people

for holding real jobs in the private sector. My administration worked with the Congress to change that. The Job Training Partnership Act, which I signed into law in 1982, involves private industry in the design and delivery of job training programs. Each year it will train 1.5 million disadvantaged adults and youths, dislocated workers, and welfare recipients in skills needed for private sector jobs. Additional work experience for over 700,000 disadvantaged youths will be provided during the summer months. What is needed now is not more Government programs, but removal of Government-created barriers that make it difficult for youths who want to work to find jobs. It has long been acknowledged that the minimum wage is a barrier to job finding for youths, especially minority youths, who lack skills. Therefore, I am again asking the Congress to authorize a wage of 75% of the minimum wage for youths newly hired for jobs during the summer months. This will let employers lower their costs to levels more in line with the skills youths possess, and it will help many young people find jobs and gain valuable work experience. The legislation I have proposed includes protections for adult workers.

Research.—Recognizing the Federal responsibility to maintain and strengthen U.S. leadership in science and technology, the budget proposes further increases of more than 10% in Government-wide funding for basic research. The \$8 billion planned for support of such research represents a relatively small share of the budget, but it is a critical investment in the Nation's future. Basic research lays the foundation for a strong defense in the years to come and for new technologies and industries that will maintain U.S. industrial leadership, create new jobs, and improve our quality of life.

Space.—Our civilian space program has made remarkable progress in the past year. The space shuttle, the world's most advanced space transportation system, has made eight pathbreaking trips into space and is progressing rapidly towards achieving routine operational status.

We can now look forward confidently to the next major challenge in space—a space station. The space station, to be placed in permanent Earth orbit in the early 1990's, is intended to enhance the Nation's science and application programs, to help develop advanced technologies potentially useful to the economy, and to encourage greater commercial use of space. The budget provides planning money to initiate this program.

National defense.—During the past 3 years, we have also taken decisive measures to increase our military strength to levels necessary to protect our Nation and our friends and allies around the

world. At the same time, we have vigorously pursued diplomatic approaches, such as arms reduction talks, in an effort to ensure the principles of security and freedom for all.

The improvement in our defense posture has been accross the board. Long-overdue modernization of our strategic forces is proceeding, while our conventional forces are also being modernized and strengthened. Successful recruiting and retention over the past 3 years have resulted in all of our armed services being more fully manned with capable, high-caliber men and women.

Energy.—My administration has significantly reoriented the country's approach to energy matters toward reliance on market forces—instead of Government regulation and massive, indiscriminate Federal spending. This has resulted in greater energy production, more efficient use of energy, and more favorable energy prices. For example:

- The U.S. economy currently is using 30% less oil and gas per dollar's worth of output than it did 10 years ago when energy prices began to rise.
- Heating oil prices have been lower this past year than they were in January 1981, when I removed oil price controls. Gasoline prices have fallen to levels which, after adjustments for general inflation and sales taxes, are within 5% of those that prevailed in the U.S. in the 1950's.

Energy programs proposed in the budget are designed to complement market forces by focusing resources on limited but appropriate responsibilities of the Federal Government and by managing these programs well. Thus, for example, the budget proposes increased spending for basic and other long-term energy research. In addition, the administration continues its commitment to filling the strategic petroleum reserve. The reserve has more than tripled in size in the last three years.

Health care.—Progress has been made in slowing the explosive growth of health costs. As part of the Social Security Amendments of 1983, Congress enacted the Administration's proposed fixed price prospective payment system for hospital care. This replaced the previous Medicare hospital reimbursement system under which hospitals were reimbursed for their costs. The new prospective payment system has altered incentives and should lessen the rate of increase in hospital costs.

Under the proposals in this budget, physicians will be asked to maintain present fee levels for medicare through the next fiscal year. Tax incentives prompting overly-costly employee health insurance benefits would be revised to make users and providers more sensitive to costs. Finally, resources for biomedical research will increase.

Transportation.—My administration has sought to shift much of the costs of transportation from the general taxpayer to those who use transportation services and facilities. I signed into law several administration-backed proposals to increase excise taxes on aviation and highway users and thereby provide funding needed to revitalize and modernize these important segments of the Nation's transportation system. The proportion of the Department of Transportation's budget financed by user fees has risen from 49% in 1982 to 72% in 1985. The budget reflects the administration's continued commitment to the "users pay" principle by including receipts proposals for nautical and aviation aids, the inland waterway system, and construction and maintenance of deep-draft ports.

Recognizing the importance of safety in our transportation systems, the budget provides for significant improvements in this area. In addition, my administration secured passage of legislation designed to rebuild the Nation's highway and public transportation facilities. This legislation substantially increased funds available to the States and local communities to complete and repair the aging interstate highway system, to rehabilitate principal rural and urban highways and bridges, and to improve mass transit systems. The budget also provides for improvements in the safety of our transportation systems.

Improved ports and channels will help to make U.S. coal exports competitive in world markets. My administration will work with the Congress to provide for timely and efficient port construction. A system that recovers a significant portion of the cost of existing port maintenance and new port construction must be enacted prior to any new construction. In the last 3 years, my administration has sent several reasonable proposals to the Congress, and progress is being made. It is time for action on this important issue.

Reducing the Federal presence in commercial transportation, currently regulated by the Interstate Commerce Commission, the Civil Aeronautics Board, and the Federal Maritime Commission, will improve the efficiency of the industry. Authority for the Civil Aeronautics Board will expire next year, and its residual functions will be assumed by other agencies. The administration will continue to seek legislation to deregulate ocean shipping, and will propose legislation to deregulate oil pipelines and natural gas. Experience since the adoption of initial transportation deregulation legislation has shown clearly that both consumers and industry benefit from reduced Federal involvement in these activities.

Criminal justice.—My administration has continued to strengthen the Federal criminal justice system by seeking major legislative changes in immigration policy, sentencing, and bail procedures, and by seeking increased funding for law enforcement activities. An additional organized crime drug enforcement task force will be

established in Florida, bringing the total number of task forces to 13. The budget proposes to bolster immigration control by strengthening border enforcement and improving the effectiveness of border inspection programs. Additional attorneys will be sought for the Internal Revenue Service and the Justice Department, underscoring my administration's determination to tackle the serious problem of tax protesters and evaders. The administration will enhance its efforts to identify, neutralize, and defeat foreign agents who pose a threat to the Nation.

International affairs.—Our foreign policy is oriented toward maintaining peace through military strength and diplomatic negotiation; promoting market-oriented solutions to international economic problems; telling the story abroad of America's democratic, free-enterprise way of life; and reducing barriers to free trade both here and abroad.

- The security assistance portion of the international affairs program has been increased to assist friendly governments facing threats from the Soviet Union, its surrogates, and from other radical regimes.
- Development aid emphasizes encouraging the private sectors of developing nations and increasing U.S. private sector involvement in foreign assistance.
- The budget provides for continuing the major expansion of international broadcasting activities started last year. Television, exchanges of people, and other programs to improve communications with foreign countries are included.
- My administration will continue to work with the Congress to strengthen the management and coordination of the Government's international trade functions by consolidating them in a Department of International Trade and Industry.

The United States faces threats to its interests in many parts of the world. The Middle East, with its vital energy resources, is still in turmoil. In Central America, Marxist forces continue to threaten democratic governments, exploiting temporary economic dislocations and the continuing poverty of less developed countries. In Africa, the poorest nations of the world are facing the prospect of great privation, accentuated by drought. This budget addresses each of these concerns:

- It continues military and economic support for Israel and Egypt, with improved financial terms.
- It provides for a significant increase in assistance to Central America, the specific nature of which will be defined after our review of the recommendations of the National Bipartisan Commission on Central America.
- It provides special humanitarian aid to counter the immediate effects of African drought and proposes a longer-term

program aimed at the root causes of Africa's economic problems.

Although now less than 2% of the budget, international programs are critical to American world leadership and to the success of our foreign policy.

Civil service retirement.—There is growing recognition that civil service retirement has far more generous benefits and is much more costly than retirement programs in the private sector or in State and local governments. Accordingly, the administration continues its strong support of the civil service reform proposals advanced in last year's budget. In 1985, the administration will focus its legislative effort on three of those proposals, in modified form: cost-of-living adjustment (COLA) reform, a high 5-year salary average for the benefit formula, and increased employee and agency retirement contributions.

GI bill rate increase.—The budget proposes legislation to provide a 15% increase in the rates of educational assistance and special training allowances to GI bill trainees and disabled veterans receiving vocational rehabilitation assistance, effective January 1985. The increase will offset increased costs since GI bill benefits were last raised in 1981. It will provide an increase in monthly education benefit checks to 544,000 veterans and their dependents and survivors.

CONTINUING REFORM OF OUR FEDERAL SYSTEM

The overall efficiency of Government in the United States can also be improved by a more rational sorting out of governmental responsibilities among the various levels of government in our Federal system—Federal, State, and local—and by eliminating or limiting overlap and duplication.

In 1981, the Congress responded to my proposals by consolidating 57 categorical programs into nine block grants. In 1982, a block grant was created for job training in the Jobs Training Partnership Act.

The administration is improving the management of intergovernmental assistance by providing State and local elected officials with greater opportunity to express their views on proposed Federal development and assistance actions before final decisions are made. Under Executive Order 12372, Intergovernmental Review of Federal Programs, which I signed in July 1982, Federal agencies must consult with State and local elected officials early in the assistance decision process and make every effort to accommodate their views. The Order also encourages the simplification of State planning requirements imposed by Federal law, and allows for the substitu-

tion of State-developed plans for federally required State plans where statutes and regulations allow.

CONTROLLING FEDERAL CREDIT PROGRAMS

Federal credit in all its forms imposes costs on the U.S. economy that must be weighed against its benefits. Federal intervention through guarantees and direct loans may misdirect investment and preempt capital that could be used more efficiently by unsubsidized, private borrowers. Because federally assisted borrowers are frequently less productive than private borrowers, large Federal credit demands, and the degree of subsidy involved in Federal credit activity, must be reduced if we are to improve prospects for economic growth.

The administration continues its strong commitment to control Federal direct loans and loan guarantees. It has supported the basic intent of proposed legislation to move off-budget Federal lending into the unified budget. It seeks other basic reforms in the way in which direct loans and loan guarantees are presented and controlled.

In the coming year, my administration will issue a directive establishing Government-wide policies on credit. This directive will be both an explicit statement of the administration's goals in providing credit assistance and a means of controlling the manner in which that assistance is provided.

REGULATORY REFORM

Federal regulation grew explosively throughout the 1970's. Whether well or poorly designed, whether aimed at worthy or dubious objectives, these rules have one thing in common: they "tax" and "spend" billions of dollars entirely within the private sector of the economy, unconstrained by public budget or appropriations controls.

My administration has taken steps to correct this problem. Under Executive Order 12291, all Federal regulations must be reviewed by the Office of Management and Budget before being issued to determine whether their social benefits will exceed their social costs. As a result of this review process, we have reversed the rate of growth of Federal regulations. Hundreds of ill-conceived proposals have been screened out, and hundreds of existing rules have been stricken from the books because they were unnecessary or ineffective. Equally important, numerous existing regulations have been improved, and new rules have been made as cost-effective as possible within statutory limits. We are steadily winding down economic controls that regulate prices, form barriers to entry for new firms, and other anti-competitive regulations. At the same

time we are increasing the effectiveness of our programs promoting health, safety, and environmental quality.

Our regulatory reform program has been open and public. New rules and changes to existing rules now require public notice and comment. My Executive Order requires regulatory agencies to consider the interests of the general public as well as special interest groups in rulemaking proceedings. The Task Force on Regulatory Relief and the Office of Management and Budget have issued regular reports detailing the progress of regulatory reform efforts. *The Unified Agenda of Federal Regulations*, issued twice each year, describes all planned and pending regulatory changes in virtually all Federal agencies. The administration's *Regulatory Policy Guidelines*, published in August 1983, is the first comprehensive statement of regulatory policy ever to be issued.

I believe it is time the policies and procedures of Executive Order 12291 were enacted into law. Individual regulatory decisions will always be contentious and controversial, but surely we can all agree on the general need for regulatory reform. Making each Government rule as cost-effective as possible benefits everyone and strengthens the individual regulatory statutes. Regulation has become such an important role of the Federal Government that strong and balanced central oversight is becoming a necessity and a bi-partisan objective. The Laxalt-Leahy Regulatory Reform Act, which passed the Senate unanimously in 1982, would have accomplished this reform. I strongly urge the Congress to take up and pass similar legislation this year. In addition, my administration continues to support measures to deregulate financial institutions.

IMPROVING THE EFFICIENCY OF GOVERNMENT

It is important to continue to reduce the size of Government. It is equally important to use the remaining resources as efficiently and effectively as possible. My administration has begun to make great strides in doing exactly that.

During the past 3 years, we have initiated several Government-wide management improvement efforts under the guidance of the Cabinet Council on Management and Administration. They are:

- Reform 88;
- Personnel management reform;
- Federal field structure reform; and
- The President's Private Sector Survey on Cost Control.

These management improvement and cost reduction programs focus on 4 objectives:

- Reducing fraud, waste, and mismanagement;
- Improving agency operations;
- Developing streamlined Federal Government management systems; and

—Improving the delivery of services.

Reducing fraud, waste, and mismanagement.—This objective seeks better use of appropriated dollars. The President's Council on Integrity and Efficiency (PCIE) was formed in early 1981 and is made up of 18 department and agency Inspectors General. They recently reported \$8.4 billion in cost reductions or funds put to better use in the last 6 months of 1983 and a total of \$31 billion since they were appointed. The PCIE is beginning to direct its efforts toward preventing problems before they occur, through improved technology and better audit processes, as described in their latest report.

The PCIE also found that enormous waste was occurring because the Federal Government had never established an effective cash management system—despite the fact that it handles almost a trillion dollars in cash annually. This is currently being corrected by installing sophisticated, up-to-date systems that the Department of the Treasury estimates could save as much as \$3½ billion a year.

When my administration came to office we found delinquent debt owed the Government rising at a rate of over 40% per year—with a total debt outstanding of over \$240 billion. After only 2 years' effort, this annual growth rate has been reduced to 2%. A credit pre-screening system is now being put in place, and automated collection centers are being installed.

Federal procurement involves annual expenditures of \$170 billion. Procurement was an overly complex process with only 50% of our contract dollars awarded under competitive bid. My administration has replaced three sets of regulations with one, and we are now setting up a new pro-competitive policy to cut costs.

We have extended our fight to reduce waste and mismanagement to a direct attack on that nemesis that has always characterized the Federal Government: red tape and paperwork. We have already reduced the paperwork burden placed on the private sector by the Federal Government by well over 300 million hours. In this current fiscal year we intend to reduce the burden by another 130 million hours.

Further savings and improvements are possible. The President's Private Sector Survey on Cost Control (Grace Commission) developed numerous recommendations for savings and cost avoidance. These recommendations range from reducing costs of Federal employee retirement programs to upgrading the Government's seriously outdated and inefficient management and administrative systems. I have already included many of these ideas in this budget and will include more in future budgets. My administration will develop a tracking system to make sure they are carried out.

These are but a few of the efforts underway to make sure that appropriated funds go further and are used for the purposes for which they were intended.

Improving agency operations.—I am directing Federal agencies to coordinate their administrative activities so that they reduce their current operating costs immediately, rather than wait for future improvements in systems and technologies. Savings resulting from these efforts are reflected in this budget. These efforts include: (1) consolidating headquarters and regional administrative services; (2) requiring service centers to meet minimum productivity standards for processing documents; (3) using private sector contractors to provide support services where appropriate and economical; (4) reducing Federal civilian employment by 75,000 by the beginning of 1985, reducing higher graded staff, and improving personnel planning; (5) reducing office space by 10%; (6) reducing printing plants by 25% and publications by 25%; and (7) eliminating the processing of documents altogether for most small agencies, by requiring them to obtain services from larger agencies that have efficient centers.

Developing streamlined Federal Government management systems.—As we are reducing the size of Government and reducing fraud, waste, and abuse, we also need to change fundamentally the way the Federal Government is managed. When I came into office, we found that the Federal Government lacked a well-planned compatible management process, so we set about developing one. This effort involves five major projects: (1) planning and budgeting, (2) financial management and accounting, (3) personnel management and payroll, (4) personal and real property, and (5) automatic data processing and telecommunications management. Responsibilities and resources for the development of each of these management systems have been assigned to those agencies that have or are capable of developing the most advanced management system in each category. Without this effort, the Federal Government would continue to operate in an inefficient manner that does not serve our citizens well.

Improving the delivery of services.—My administration is looking seriously at the way the delivery of Federal services is handled across the country. The objective of this effort is to achieve improved service at lower cost, through improved technology and management techniques such as prescreening, computer matching, adjusted payment schedules, contractor and grantee performance incentives, and a streamlined field structure.

All of these efforts are being planned and coordinated centrally as part of the budget process. The results of these efforts will be

reported to the Congress together with resulting savings and proposals to upgrade management of the Federal Government.

CONCLUSION

Vigorous, noninflationary economic recovery is well underway. The long winter of transition from the misguided policies of the past, with their inflationary and growth-deadening side-effects, is now yielding to a new springtime of hope for America. The hope of continued recovery to long-term noninflationary prosperity can be realized if we are able to work together on further deficit reduction measures. Bold, vigorous fiscal policy action to break the momentum of entrenched spending programs, together with responsible and restrained monetary policy, is essential to keep the recovery on track; essential to the Nation's future economic health and vitality. Limited measures to increase receipts will also be necessary to make our tax system fairer and more efficient. But it is important—more than important, *crucial*—to get the mix of spending restraint and receipts increases right. There must be substantial reductions in spending and strictly limited increases in receipts.

I call urgently upon the Congress, therefore, to take the actions proposed in this budget. Far too much is at stake to permit casual dismissal of these essential belt-tightening measures. The Nation has paid a high price for the prospect of a secure, prosperous, noninflationary future; that prospect must not be sacrificed to a sense of complacency, to an expedient ducking of the issues.

With confidence in the ultimate beneficial effects of our actions, let us seize the high ground and secure, for ourselves and our posterity, a bright and prosperous future—a future in which the glory that was America is again restored.

RONALD W. REAGAN

FEBRUARY 1, 1984

PART 2

ECONOMIC ASSUMPTIONS
AND THE BUDGET

2-1

ECONOMIC ASSUMPTIONS AND THE BUDGET

This part of the budget discusses the economic assumptions underlying the 1985 budget estimates. The first section reviews the economic achievements of 1983 and discusses the favorable economic outlook for sustained growth and moderating inflation. The second section presents the near-term forecast and the long-term economic assumptions underlying the budget. The third section demonstrates that, even with high employment in 1989, there will still be a substantial deficit unless appropriate policy actions are taken. The fourth section describes how economic developments and changes in the economic outlook have modified the budget outlook since last year. The last section analyzes the sensitivity of the budget to changes in economic assumptions.

ECONOMIC DEVELOPMENTS AND OUTLOOK

The full results of the administration's economic policies started to become evident in 1983. The economy grew rapidly, as it usually does in the first year of recovery, but inflation continued to moderate. In fact, 1983 was one of the best years in the postwar period in terms of achieving the combined objectives of output growth, job creation, and control of inflation. Real GNP growth of 6.1% from the fourth quarter of 1982 to the fourth quarter of 1983 was faster than in 18 of the previous 20 years. The 4.1% increase in the implicit price deflator for GNP was the lowest in 16 years. Responding to the rapid rise in output, the labor market rebounded impressively. Civilian employment grew at a faster rate last year than in 19 of the past 20 years, as 4.0 million more Americans found jobs. The 2.5 percentage point fall in the unemployment rate was the largest 1-year decline since 1951.

Such a favorable outcome was not anticipated by most forecasters, including the administration in its 1984 budget. For example, last January, the Blue Chip consensus forecast (an average of 43 private forecasts) called for only a 4% increase in real GNP over the four quarters of 1983, 2 percentage points lower than actually occurred. The consensus forecast was also too pessimistic about inflation, overestimating the increase in the GNP deflator by more than a full percentage point. The unemployment forecast was even further off the mark. The consensus predicted a fourth quarter average of 9.9% for the civilian unemployment rate, 1.4 percentage points above the actual result. After years of deteriorating econom-

ic performance, 1983 was a welcome change, with its robust growth and moderate inflation.

Although the magnitude of the recovery was somewhat surprising, the eventual reversal of the economic trends of the previous decade was expected. Indeed, it has been the goal of the administration's economic policies from its first days in office.

The legacy of stagflation.—In the 1970's Government policy too often created barriers to economic growth. Well-intended policies frequently had the unintended consequence of distorting economic incentives and diverting resources from more productive uses to less productive ones. Federal tax rates rose. Between the early 1970's and 1980 marginal personal income tax rates for a median-income family of 4 increased by over 25%, from 19% to 24%.

Federal spending also rose sharply, even after adjustment for the effects of inflation. Constant-dollar Federal outlays increased at an average annual rate of 3.6% from 1970 to 1980, much faster than real GNP. The growth of the money supply accelerated from an annual average rate of 3.9% in the 1960's to 6.6% in the 1970's (7.5% in the period 1977-1980). Federal regulation also expanded at a very rapid pace.

These trends led to accelerating inflation. At the end of the 1960's inflation had risen sharply. In subsequent years, although inflation declined occasionally following recessions, the underlying trend was unmistakably upward. By the end of the decade, most broad measures of inflation were rising by more than 10% a year.

All of these trends contributed to a general deterioration in the performance of the American economy. From the late 1960's through the end of the 1970's economic growth declined, productivity improvements slowed down, and, as a result, real incomes grew more slowly. These trends are shown in the following table.

DETERIORATING ECONOMIC PERFORMANCE

(Average annual rates of growth)

	Inflation ^a	Real GNP	Productivity ^a	Real average hourly earnings	Real disposable personal income
1960-66.....	1.8	4.5	3.3	1.7	4.4
1967-73.....	4.7	3.5	2.4	1.6	4.2
1974-81.....	8.0	2.4	0.8	-1.1	2.5

^a Implicit price deflator for GNP.

^a Private business sector.

First steps toward revived economic growth.—By 1980, the conviction was widespread that it was time for a change. Working with Congress and the Federal Reserve, the administration embarked in 1981 on a program to reverse the unfavorable economic trends of

the past decade, bringing inflation under control and rekindling economic growth. Marginal personal income tax rates were cut substantially to increase incentives for work, saving, investment, and risk-taking. Depreciation allowances were liberalized to stimulate investment in plant and equipment. The expansion of Government regulations and of Federal spending was curtailed to provide a more hospitable economic environment for private-sector growth. The administration supported a Federal Reserve Board policy of maintaining stable, moderate growth of the money supply, a policy that has both helped curb inflation and reduced economic uncertainty.

ANNUAL INFLATION RATES

(Percent, 4th quarter over 4th quarter)

	GNP deflator	Consumer Price Index	Producer Price Index	Average hourly earnings
1980.....	10.2	12.6	12.4	9.6
1981.....	8.7	9.4	7.3	8.4
1982.....	4.4	4.5	3.6	6.0
1983.....	4.1	2.9	0.9	3.9

Although 1982 was a year of rising unemployment and declining output, it was also the year in which the first positive effects of the new policies became fully evident. The consumer price index rose only 3.9% from December 1981 to December 1982, and the producer price index only 3.7%, both about one-third the rate experienced during the year before the administration took office. This moderation of inflation was accompanied by a sharp drop in interest rates as inflationary expectations declined. Lower interest rates spurred a recovery in housing—private housing starts increased 45% from the cyclical low in the final quarter of 1981 to the fourth quarter of 1982.

SELECTED INTEREST RATES

(4th quarter averages)

	91-day Treasury bills	Prime rate	20-year Treasury bonds	Mortgage rate (FHLMC)
1980.....	13.6	16.7	12.2	14.3
1981.....	11.8	17.0	14.1	17.8
1982.....	7.9	12.0	10.7	14.0
1983.....	8.8	11.0	11.9	13.5

Moreover, lower interest rates and improved prospects for economic growth resulting from the changes in economic policy led to a strong upturn in the stock market beginning in August 1982. In this more favorable economic environment, businesses were able to

raise equity capital in the stock market and improve their balance sheets by replacing short-term debt with long-term debt. In addition, household balance sheets improved sharply, largely because of the surge in stock prices.

1983: The recovery.—The healthy economic developments in 1982 were the prelude to the vigorous growth of output and employment last year. Residential construction was already moving strongly upward at the start of 1983. After the first quarter, a broad surge in consumer spending occurred, reflecting the improved financial position of households and the faster growth of real disposable income. The 5% growth of real disposable income last year arose from sizable employment gains, a rise in real hourly earnings as inflation continued to decelerate, and a 10% cut in marginal personal tax rates in July.

The increase in purchases of durable goods was especially pronounced. These purchases tend to be discretionary and are sensitive to interest rates. Sales of domestic automobiles jumped from 5.8 million units in 1982 to 6.8 million last year, while total automobile sales increased from 8.0 million in 1982 to 9.2 million in 1983. Sales of furniture and household appliances increased 11½% in real terms, the largest four-quarter gain in a decade.

The willingness of consumers to spend reflected their optimistic attitudes. The University of Michigan Index of Consumer Sentiment reached a 10-year high in the third quarter of last year and remained at that level in the fourth quarter.

COMPONENTS OF REAL GNP

(Dollar amounts in billions of 1972 dollars)

	1982:4 ¹	1983:4 ²	Change	Percent change
Real GNP	\$1,480.7	\$1,570.5	\$89.8	6.1
Consumption	979.6	1,032.2	52.6	5.4
Business fixed investment	160.5	178.9	18.4	11.5
Residential investment	40.6	56.1	15.5	38.2
Inventory change	-22.7	7.5	30.2	.....
Net exports	23.0	2.5	-20.5	.....
Federal purchases	124.4	116.9	-7.5	-6.0
State and local purchases	175.2	176.3	1.1	0.6

¹ Cyclical trough.

² Preliminary.

The economic recovery became broadly based and firmly established in the second quarter when business capital spending also turned upward. Following the normal cyclical pattern, investment in new equipment recovered before investment in new structures, but after mid-year both were increasing rapidly. The strength of capital spending last year reflected a number of highly favorable underlying factors: corporate profits increased more rapidly than

at any other time since 1976; in addition, liberalized depreciation allowances had reduced the cost of investment and increased after-tax profits. Responding to the improved business prospects, equity markets strengthened, enabling firms to raise capital; and the capacity utilization rate rose sharply, inducing firms to expand and modernize plant and equipment. Improved profits were achieved without upward pressure on prices; instead, there was a significant deceleration of unit labor costs as productivity rose while nominal wage increases slowed. Real earnings increased, however, despite the deceleration in nominal wages, because of the even more rapid fall in the rate of inflation.

UNIT PRICES, COSTS, AND PROFITS: NONFINANCIAL CORPORATE SECTOR

(Percent change; fourth quarter to fourth quarter)

	Unit prices ¹	Unit costs ²	Profit margins ³	Total profits ⁴
1980.....	11.6	11.9	8.0	7.0
1981.....	9.2	8.7	14.2	16.4
1982.....	3.6	5.8	-20.1	-23.3
1983.....	3.6	-0.7	65.2	78.4

¹ The implicit price deflator for gross domestic product of nonfinancial corporate business.

² Labor and interest charges plus non-factor costs (e.g., depreciation) divided by real output of nonfinancial corporate sector.

³ Pre-tax profits (with inventory valuation and capital consumption adjustments) of nonfinancial corporate business divided by output in 1972 dollars.

⁴ Pre-tax profits (with inventory valuation and capital consumption adjustments) of nonfinancial corporate business.

Rising final sales and the improved financial position of businesses enabled firms to rebuild inventories. In fact, the swing from massive inventory liquidation in late 1982 to accumulation a year later accounted for 34% of the increase in real GNP during the year. Despite the restocking, inventories still remained very low in relation to rapidly growing sales at the end of 1983, which is one element suggesting that production and employment will continue to expand strongly in the months ahead.

A less favorable development during 1983 was the 1 to 1½ percentage point rise in most interest rates during the last half of the year. Several factors underlay the rise. One was brisk economic activity, which increased private credit demands, in conjunction with large current Federal borrowing. Second, short term interest rates increased as monetary policy became less accommodating after May when the Federal Reserve became concerned about the effects of continued high rates of growth of the monetary aggregates on future inflation and inflationary expectations. Third, continuing concerns in financial markets about the prospects of large future Federal deficits tended to prevent long-term interest rates from declining along with the decline in current inflation.

A significant area of weakness last year was the foreign trade sector. Real net exports of goods and services fell \$20.5 billion during 1983, with virtually all of the deterioration occurring in merchandise trade. U.S. merchandise exports increased very little

in real terms during the year, while real merchandise imports other than petroleum climbed nearly 30%. These adverse trends can be attributed primarily to the sharp appreciation of the dollar. On a multilateral, trade-weighted basis, the dollar has risen 50% since 1980, of which 10% occurred during 1983.

Underlying the high value of the dollar during 1983 was the confidence in U.S. economic policies, especially in curbing inflation, and the higher real rates of return available on dollar-denominated assets. Heightened political and financial uncertainties abroad caused foreigners' asset preferences to shift in favor of the dollar. U.S. exports were also hampered by the sluggish recovery in other industrialized countries and by programs to curtail imports in several debtor countries, especially in Latin America.

Foundation for a sustained expansion.—Last year provided substantial evidence of a break from the pattern of stagflation and subnormal productivity growth that characterized the 1970's. A foundation for lasting recovery is now in place. It consists of markedly reduced inflation and inflationary expectations, curtailed growth of real Federal spending, a restructured tax system that improves incentives, and a reduction in Federal regulatory interference in the economy. If the new policies are maintained consistently, the recent favorable economic trends are likely to strengthen and persist in the years ahead.

The most significant accomplishment is the unwinding of inflation over the past two years. From the early 1960's to the early 1980's, prices and wage rates persistently ratcheted upward from one business cycle to the next, with each economic recovery beginning at a significantly higher rate of inflation than its predecessor.

GROWTH OF PRICES AND NOMINAL WAGES: FIRST YEAR OF RECOVERY

(Percent change)

	GNP deflator	CPI	Average hourly earnings
Trough:			
1961:I.....	2.0	0.9	NA
1970:IV.....	4.7	3.5	6.7
1975:I.....	5.9	6.4	7.1
1980:III.....	9.3	10.8	9.1
1982:IV.....	4.1	2.9	3.9

This pattern was broken last year. Rates of increase in prices and nominal wages were even lower than those that followed the last three recessions.

In the future a new fundamental factor will work to prevent a renewal of inflation. This new factor is a drastic reduction in inflationary expectations, resulting from the achievement of much

lower inflation and the demonstrated commitment of the administration and the Federal Reserve to control future inflation. It appears that labor and management have begun to realize that inflationary contracts will not be validated by expansionary monetary policy. These changes offer greatly improved long-range prospects for price level stability as the recovery proceeds.

Like inflation, the growth of real Federal spending was accelerating until this administration came into office. Real outlays, which increased at an average annual rate of 3.6% from 1960 to 1974, rose at a 4.6% rate from 1974 to 1981. This excessive growth diverted resources from private to public uses and reallocated resources within the private sector away from productivity-enhancing capital spending to consumption. In the last two years, the administration has succeeded in slowing the growth of Federal spending. Between 1981 and 1985, real outlays rise at only a 3.5% average annual rate, even lower than during the 1960-74 period. In light of the increased public awareness of the need to restrain the growth of Government, it is likely that this newer, slower spending path will be continued.

Indexation of personal income tax brackets starting in 1985 will also increase the pressure to restrain Federal spending and will remove any incentive for policy-makers to acquiesce to inflation because it raises taxes through bracket creep. In the 1970's bracket creep pushed up tax receipts faster than the growth of personal income. Indexing means that future increases in Federal individual income taxes as a share of personal income (unless they stem from real income gains) will require explicit legislation.

The tax law changes enacted in the past two years have increased incentives for working and saving. Marginal tax rates have been cut, allowing individuals to keep more of the return from their work and their saving. The accelerated cost recovery system (ACRS) significantly shortened depreciation periods, raising the return on business investment by lowering the after-tax cost of capital. Corporate cash flow after taxes may be increased by a total of \$200 billion between 1984 and 1989 because of ACRS. This stimulus to expansion and modernization of our capital stock will help raise productivity and economic growth.

Consumers and businesses are now well placed to increase spending, in part because of their improved financial health. By late 1983, the debt burden of the household sector, as indicated by the ratio of consumer installment credit outstanding to personal disposable income was 15% below its 1979 peak. Moreover, the 50% gain in the stock market from mid-1982 has raised household net worth by half a trillion dollars. The stock market revival also has provided firms with an important source of capital. Corporations raised nearly \$50 billion through gross new equity issues last year,

about double the amount raised in 1981. This has contributed to restructuring and strengthening of corporate balance sheets. By the third quarter of 1983, corporate liquidity, as measured by the quick ratio (cash and other liquid assets to short-term liabilities), had risen a substantial 23% from its low point in the first quarter of 1982 to reach the highest level in 6 years. The improvement reflects the recovery of profits and a shift toward equity and long-term debt financing as interest rates declined.

The prospect for productivity growth is more favorable now than in many years. The factors underlying the slowdown in productivity growth during the 1970's are not completely understood, but it is likely that the unfavorable economic environment of that period—accelerating inflation, two oil price shocks, increased regulation, sluggish output growth, and cyclical instability—was a principal cause. Rapid and unpredictable inflation distorted price signals, heightened uncertainty about the future, and encouraged speculative investments. The oil price shocks sharply increased the price of energy, raised inflation, reduced growth, and made some capital stock obsolete. Slow economic growth and three recessions in the past decade inhibited investment in new plant and equipment, and also in research and development. Furthermore, proliferating Government regulations tended to divert businesses' resources away from productivity-enhancing investment. In contrast, the administration's policies to curtail inflation, slow the growth of Government spending, reduce taxes, reduce burdensome regulations, and promote private-sector initiative have created a climate that fosters and rewards improvements in productivity.

When productivity is growing, real wages can rise even though nominal wages are rising much less rapidly than in the recent past. This occurred last year as real wages rose for the second year in a row (following 4 years of declines) despite slowly rising nominal wages, because inflation was even lower. As the recovery proceeds, improved productivity will make possible further steady advances in real wages.

ECONOMIC ASSUMPTIONS

The economy and the budget are interrelated. Budget receipts and outlays depend directly on the level of economic activity, inflation, interest rates, unemployment, and other economic factors. Likewise, both budget outlays and the tax structure have substantial effects on the state of the economy—output, employment, and interest rates. In estimating budget receipts and outlays for future years, therefore, the economic assumptions underlying the estimates must be clearly specified.

The accompanying two tables show the economic assumptions that underlie the estimates in this budget. The first table shows

SHORT-RANGE ECONOMIC FORECAST

(Calendar years; dollar amounts in billions)

Item	Actual 1982	Forecast		
		1983 ¹	1984	1985
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	2.6	10.4	9.8	8.9
Constant (1972) dollars	-1.7	6.1	4.5	4.0
GNP deflator (percent change, fourth quarter over fourth quarter)	4.4	4.1	5.0	4.7
Consumer Price Index (percent change, fourth quarter over fourth quarter) ²	4.5	2.9	4.5	4.7
Unemployment rate (percent, fourth quarter) ³	10.5	8.4	7.7	7.5
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount	3,073	3,309	3,642	3,974
Percent change, year over year	4.0	7.7	10.1	9.1
Constant (1972) dollars:				
Amount	1,485	1,535	1,616	1,682
Percent change, year over year	-1.9	3.3	5.3	4.1
Incomes:				
Personal income	2,579	2,742	2,978	3,224
Wages and salaries	1,568	1,664	1,802	1,946
Corporate profits	174	205	255	292
Price level:				
GNP deflator:				
Level (1972 = 100), annual average	206.9	215.6	225.4	236.2
Percent change, year over year	6.0	4.2	4.5	4.8
Consumer Price Index: ²				
Level (1967 = 100), annual average	288.6	297.4	310.4	324.6
Percent change, year over year	6.0	3.0	4.4	4.6
Unemployment rates:				
Total, annual average ³	9.5	9.5	7.8	7.6
Insured, annual average ⁴	4.7	3.8	3.3	3.3
Federal pay raise (percent) ⁵	4.0	.....	3.5	3.5
Interest rate, 91-day Treasury bills (percent) ⁶	10.7	8.6	8.5	7.7
Interest rate, 10-year Treasury notes (percent)	13.0	11.1	10.3	9.2

¹ Preliminary actual data.² CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs. The manner in which this index measures housing costs will change significantly in 1985.³ Percent of total labor force, including armed forces residing in the U.S.⁴ This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.⁵ In 1984 and 1985, general schedule and military pay raises occur in January. The military pay raises are 4.0% and 5.5%, respectively. An October 1985 pay raise of 5.6% (military and general schedule) is projected.⁶ Average rate on new issues within period, on a bank discount basis. These projections assume, by convention, that interest rates decline with the rate of inflation. They do not represent a forecast of interest rates.

the short-range economic forecast through 1985; the second table shows the long-range assumptions underlying the 4-year budget projections. The common practice is followed in showing these assumptions for calendar years, rather than fiscal years.

LONG-RANGE ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	Assumptions			
	1986	1987	1988	1989
Major economic indicators:				
Gross national product, percent change, fourth quarter over fourth quarter:				
Current dollars	8.6	8.3	8.0	7.4
Constant (1972) dollars	4.0	4.0	4.0	3.8
GNP deflator (percent change, fourth quarter over fourth quarter)	4.4	4.1	3.8	3.5
Consumer Price Index (percent change, fourth quarter over fourth quarter) ¹	4.4	4.1	3.8	3.5
Unemployment rate (percent, fourth quarter) ²	7.2	6.5	5.8	5.7
Annual economic assumptions:				
Gross national product:				
Current dollars:				
Amount	4,319	4,681	5,059	5,445
Percent change, year over year	8.7	8.4	8.1	7.6
Constant (1972) dollars:				
Amount	1,750	1,820	1,892	1,966
Percent change, year over year	4.0	4.0	4.0	3.9
Incomes:				
Personal income	3,503	3,782	4,055	4,358
Wages and salaries	2,109	2,296	2,496	2,708
Corporate profits	318	355	377	391
Price level:				
GNP deflator:				
Level (1972=100), annual average	246.9	257.3	267.4	277.0
Percent change, year over year	4.5	4.2	3.9	3.6
Consumer Price Index: ¹				
Level (1967=100), annual average	339.3	353.6	367.4	380.6
Percent change, year over year	4.5	4.2	3.9	3.6
Unemployment rates:				
Total, annual average ²	7.3	6.8	6.1	5.7
Insured, annual average ³	3.2	2.8	2.4	2.2
Federal pay raise, October (percent) ⁴	5.8	5.5	5.3	5.1
Interest rate, 91-day Treasury bills (percent) ⁵	7.1	6.2	5.5	5.0
Interest rate, 10-year Treasury notes (percent)	8.6	7.2	6.1	5.5

¹ CPI for urban wage earners and clerical workers. Two versions of the CPI are now published. The index shown here is that currently used, as required by law, in calculating automatic cost-of-living increases for indexed Federal programs.

² Percent of total labor force, including armed forces residing in the U.S.

³ This indicator measures unemployment under State regular unemployment insurance as a percentage of covered employment under that program. It does not include recipients of extended benefits under that program.

⁴ General schedule pay raises normally become effective in October—the first month of the fiscal year. Thus, the October 1986 pay raise will set new pay scales that will be in effect during fiscal year 1987.

⁵ Average rate on new issues within period, on a bank discount basis. These projections assume, by convention, that interest rates decline with the rate of inflation. They do not represent a forecast of interest rates.

The current services estimates displayed in the budget are based on these same economic assumptions. Permitting the budget to proceed on a current services basis—that is, with no future policy action to change program spending or receipts—would change significantly the economic performance from what is assumed for the budget. However, the convention of basing both the budget estimates and the current services estimates on a common set of economic assumptions limits their differences to the direct effects of proposed policy actions. This enhances the ability of the current services estimates to serve their purpose as a baseline against which to measure the budgetary effects of policy proposals.

The outlook to 1985.—While last year was one of economic recovery, 1984 should be one of solid expansion built upon the foundations discussed in the previous section. Real GNP is expected to grow 4.5% during the four quarters of 1984, not significantly different from the Blue Chip consensus forecast of 4.3%. For 1985, real growth is forecast to moderate to 4.0%.

The forecast for 1984 projects a substantial rise of nearly 12% in real business fixed investment, following a 9.6% increase over the four quarters of 1983. This reflects continued strength in equipment expenditures and an increase, which is already underway, for investment in nonresidential structures. Investment will continue to lend strength to 1985 growth. State and local purchases should also contribute to real GNP growth this year. There was significant improvement in State and local government financial positions in 1983. The operating account surplus changed from an annual average of \$3 billion in 1979-1982 to \$15 billion in 1983, as continued austerity measures curtailed expenditures while an expanding economy and, in some instances, tax legislation increased receipts. On the other hand, some slowdown in the growth of personal consumption expenditures, residential construction, and inventory investment is expected this year, as would be normal in a second year of recovery.

The total unemployment rate, which fell sharply in the second half of 1983, is expected to decline steadily, though less rapidly, during 1984 as output growth settles to a more sustainable pace. The forecast shows the unemployment rate at 7.7% in the final quarter of this year.

Short-term interest rates, as measured by the 91-day Treasury bill rate, are projected to decline moderately. This reflects a lowering of inflationary expectations in response to the demonstrated resolve of the administration and the Federal Reserve to keep money growth and inflation under control.

Longer-range economic assumptions.—In contrast to the near-term economic forecast for 1984 and 1985, the long-range assumptions for the 1986-1989 period are not forecasts of future economic conditions. Instead, they are trend projections, consistent with the economic policies and economic policy objectives of the administration, that assume steady progress in sustaining economic growth and in reducing inflation, interest rates, and unemployment. It is assumed that the rate of growth of the money supply will gradually decline and that the administration's 1985 fiscal policy proposals, and future deficit-reduction measures, will be enacted.

Real GNP is projected to grow at a 4.0% annual rate from 1986 through 1988, but to moderate to 3.8% in 1989. Consistent with this trend growth of real output, the total unemployment rate is expected to fall gradually and to reach 5.7% in 1989.

Inflation, as measured by the GNP deflator, is forecast to increase somewhat, to 5.0% in 1984 (on a fourth-quarter to fourth-quarter basis), and is projected to decline gradually to 3.5% by 1989. This downward trend in the rate of inflation over an extended period of sustained economic expansion is predicated on the resolute commitment of the Federal Reserve and the administration to reduce gradually the rate of growth of the money supply. It is assumed that lower inflation will be accompanied by lower interest rates.

These long-range assumptions for real growth are comparable with historical experience. The present expansion began from a cyclical trough in the fourth quarter of 1982, and the economic assumptions extend 7 years from that date to the fourth quarter of 1989. Real GNP growth is projected to average 4.3% during this period. This is only a little higher than the average 3.8% growth during the 25 years between the cyclical peaks in the last quarter of 1948 and the last quarter of 1973, a period that excludes the sluggish economic activity and rapid inflation during most of the 1970's.

The real GNP growth projected for the 7-year period beginning with the last quarter of 1982 is also comparable with the real GNP growth in the first 7 years following previous postwar recessions. This is shown in the next table. The 4.3% average growth projected for the current period is only slightly above the average 4.0% real growth in the corresponding 7-year periods after previous recessions. Three of the earlier periods had higher growth and three had lower growth. This comparison is only suggestive, in part because the earlier periods overlap in certain years, which causes some double counting. However, it does imply that the current projection is in line with what has occurred before.

CHANGE IN REAL GNP AND INFLATION DURING 7 YEARS FOLLOWING CYCLICAL TROUGHS

Recession trough	Average annual rate of increase (percent)	
	Real GNP	GNP deflator
1949:4.....	4.7	2.8
1954:2.....	3.0	2.2
1958:2.....	4.6	1.7
1961:1.....	5.0	2.2
1970:4.....	3.6	6.3
1975:1.....	3.0	7.5
Average.....	4.0	3.8
1982:4.....	¹ 4.3	¹ 4.2

¹ Projected.

CYCLICAL AND STRUCTURAL COMPONENTS OF THE DEFICITS

Generally, Federal deficits tend to rise in recessions and to shrink during recoveries. The two back-to-back recessions beginning in early 1980 pushed the unemployment rate to a postwar high of over 10% at the end of calendar year 1982, and contributed substantially to the large deficit—approaching \$200 billion for fiscal year 1983. Although a cyclical downturn pushed the deficit up, it is incorrect to assume that economic recovery will, by itself, eliminate the deficit. The comforting assumption that the deficits will disappear, more or less “automatically,” as recovery proceeds is not warranted.

Budget projections on a current services basis—that is, assuming no further policy actions to curb spending growth or increase receipts—indicate that deficits will remain near the \$200 billion level even after the economy has returned to lower levels of the unemployment rate, below 6% in 1989. At that time economic recovery will have completed its contribution to deficit reduction. Attempts to achieve still lower levels of unemployment by monetary stimulus would be likely to lead to a reacceleration of inflation and an end to sustainable economic recovery, so projected deficits at this level of unemployment are not “cyclical” or temporary. They are permanent or structural and will persist unless determined policy actions are taken to eliminate them.

The growing structural deficit problem has its roots in the strong momentum of Federal spending increases, and in the debilitating economic policies of the 1970's, which stunted the economy's ability to grow. The excessive momentum of domestic spending programs in the late 1970's was partially masked by serious underfunding of our defense effort. The need to restore defense funding to more adequate levels, combined with rapidly growing interest costs (both as a result of deficits, which add to the outstanding debt, and because of high interest rates), will keep outlays growing in line with receipts. As a result, a substantial current services deficit is projected, even after a sustained economic recovery.

If no policy actions were taken to reduce them, these large current services deficits would pose serious economic problems. If they are financed by money creation, they will renew inflation and again bring on the inefficiencies, misdirection of resources, and cyclical instability that led to the stagnant growth and recessions of the 1970's. If they are not monetized, then the credit demands of the Federal Government will crowd out productive private investment. This would inhibit economic growth by generating excessive real interest rates. Excessive Federal borrowing also adds to the Nation's trade deficit and causes problems for U.S. exporters and for domestic industries that must compete with imports. All of

these effects are harmful to the long-run growth and well-being of the Nation.

CHANGES IN THE BUDGET OUTLOOK SINCE LAST YEAR

In December 1982, the unemployment rate was reported at 10.7%, and the 1984 budget, submitted in January 1983, forecast that it would average 10.7% during 1983 and 9.9% during 1984. In fact, it averaged 9.5% during 1983 and had fallen to 8.1% in December 1983. It is now projected to average 7.8% during 1984—over two percentage points lower than was forecast a year ago.

Real economic growth was forecast in last year's budget at 3.1% from the fourth quarter of 1982 to the fourth quarter of 1983. In fact, it was 6.1%. Over the same period, inflation, as measured by the GNP deflator, was forecast at 5.6%. In fact, it was 4.1%.

COMPARISON OF JANUARY 1983 AND CURRENT ECONOMIC ASSUMPTIONS

(Calendar years; dollar amounts in billions)

	1983	1984	1985	1986	1987	1988
Nominal GNP:						
1983 forecast ¹	3,262	3,566	3,890	4,232	4,599	4,996
1984 forecast	3,309	3,642	3,974	4,319	4,681	5,059
Real GNP (percent change):						
1983 forecast	1.4	3.9	4.0	4.0	4.0	4.0
1984 forecast	3.3	5.3	4.1	4.0	4.0	4.0
GNP deflator (percent change):						
1983 forecast	5.2	5.2	4.9	4.6	4.5	4.4
1984 forecast	4.2	4.5	4.8	4.5	4.2	3.9
Interest rate on 91-day Treasury bills (percent):						
1983 forecast	8.0	7.9	7.4	6.8	6.5	6.1
1984 forecast	8.6	8.5	7.7	7.1	6.2	5.5
Unemployment rate (percent):						
1983 forecast	10.7	9.9	8.9	8.1	7.3	6.5
1984 forecast	9.5	7.8	7.6	7.3	6.8	6.1

¹ Adjusted for July 1983 historical revisions.

These, and other better-than-expected economic indicators, have substantially improved the budget outlook since last year. The above table contrasts the current forecast with last year's in terms of annual averages. It shows real GNP growth substantially higher in 1983 and 1984 than was projected last January, and the unemployment rate substantially lower in all years. Inflation is significantly lower in 1983 and 1984, but nominal GNP is nonetheless \$84 billion higher in 1985 than last year's projection. The Treasury bill rate, on the other hand, is 0.6 percentage points higher in both 1983 and 1984 than in last year's forecast.

The table below indicates the estimated magnitude of the improvement in the budget outlook resulting from better economic performance during 1983 and the changed economic outlook for the years ahead. The addendum separates these two elements of

change, showing that the better-than-anticipated 1983 performance accounts for most of the improvement.

EFFECTS OF THE BUDGET OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE LAST YEAR

(Fiscal years; in billions of dollars)

	1984	1985	1986	1987	1988
Current budget estimates ¹ adjusted to January 1983 forecast:					
Receipts.....	651.7	721.6	790.1	862.7	954.3
Outlays.....	880.9	954.0	1,013.8	1,091.2	1,162.5
Deficit (—)	—229.2	—232.4	—223.6	—228.4	—208.2
Changes due to economic assumptions:					
Receipts.....	18.4	23.5	24.8	25.1	24.0
Outlays:					
Inflation	—3.2	—5.1	—5.7	—6.2	—7.6
Unemployment	—10.6	—8.3	—4.9	—3.0	—1.9
Interest rates	5.5	5.1	5.8	4.0	—2.1
Interest on changes in borrowing.....	—2.6	—5.5	—8.1	—10.4	—12.9
Total, outlays.....	—10.9	—13.7	—12.9	—15.7	—24.5
Decrease in deficit (+)	29.3	37.2	37.7	40.7	48.5
Current budget estimates: ¹					
Receipts.....	670.1	745.1	814.9	887.8	978.3
Outlays.....	870.0	940.3	1,000.9	1,075.5	1,138.0
Deficit (—)	—199.9	—195.2	—185.9	—187.7	—159.7
Addendum:					
Change in deficit due to:					
Actual 1983 economic performance.....	27.4	32.7	37.5	41.8	46.4
Change in the forecast for 1984–1988.....	1.9	4.5	0.2	—1.1	2.1
Percent due to 1983 economic performance.....	(94)	(88)	(99)	(103)	(96)

¹ Includes off-budget outlays.

Improvement in the economy and in the budget outlook since January 1983 has not compensated for the declines that had by then occurred from the forecast in the March 1981 budget revisions, as shown below. The 1981 forecast, like most private forecasts at the time, did not anticipate the 1981–1982 recession. Further, it assumed that the velocity of money and, thus, nominal GNP (and receipts) would grow more rapidly in the out years (then 1983–1986) than is now assumed.

EFFECTS ON THE DEFICIT OF CHANGES IN ECONOMIC ASSUMPTIONS SINCE MARCH 1981

(Fiscal years; in billions of dollars)

	1982	1983	1984	1985	1986
Increase in deficit, March 1981–January 1983	70.0	167.3	197.7	224.6	252.3
Decrease in deficit, January 1983–January 1984		—11.8	—29.3	—37.2	—37.7
Net increase in deficit, March 1981–January 1983.....	70.0	155.5	168.4	187.4	214.6

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

The budget estimates are based upon and sensitive to the economic forecast. The sensitivity of the budget aggregates to economic conditions seriously complicates budget planning because forecasting the economy inaccurately leads to forecasting the budget inaccurately, and economic forecasting is not an exact science.

The relationship between the economic forecast and budgetary estimates is not a simple one. Last year the budget presented a set of rules-of-thumb that were designed to assist in rough calculations of the effects on the budget of changes in the economy. Incautiously applied, however, such rules-of-thumb can be quite misleading. For example, a 1 percentage point increase in the real growth rate will have one effect on the budget estimates if no change in nominal GNP growth is assumed, and a different effect if it causes a 1 percentage point increase in nominal GNP growth. In the latter case, receipts will rise more than they would if nominal growth were unchanged. Similarly, a 1 percentage point change in inflation will have a different effect if it takes place with unchanged nominal growth than if there is no change in real growth.

Another example is the effect of a 1 percentage point change in the unemployment rate. By and of itself, a change in unemployment, with no other effect on the economy, has a relatively small impact on the budget, changing only unemployment-sensitive outlays. Typically, however, a decline in unemployment is associated with a rise in real GNP. If that typical relationship is assumed, a one percentage point decline in unemployment is associated with a rise in real GNP of slightly over 2%, which in turn will give rise (absent any change in inflation) to a large increase in receipts. Thus, indirectly, a change in unemployment can be associated with a dramatic effect on the budget, although that effect depends on the relationship between the unemployment change and the growth of real output (not to mention the further question of whether the increase in real GNP raises nominal GNP or simply raises real GNP while causing inflation to decline).

In order to minimize the ambiguities associated with a set of rules-of-thumb, all of which are only partial measures of a more complex interrelationship, the estimated budgetary differences between two alternative economic projections are presented below. Both assume the same growth in nominal GNP as in the basic budget forecast. The optimistic forecast assumes 1 percentage point higher real growth than in the budget assumptions starting in the first quarter of 1985, with a corresponding decline in inflation at that time. The pessimistic forecast assumes 1 percentage point lower real growth beginning in 1985 than in the base forecast, with a percentage point higher inflation. The pessimistic forecast fur-

ther assumes that nominal interest rates do not decline after the end of 1984. Thus, it is a forecast of slower real growth than is assumed for the budget and higher real interest rates. The more optimistic forecast has higher real growth, lower inflation, and interest rates that decline faster than in the base forecast, in keeping with the faster decline in inflation. The real interest rate in the optimistic forecast is thus the same as in the basic budget forecast.

EFFECT ON DEFICIT OF SHIFT IN THE COMPOSITION OF NOMINAL GNP

(Fiscal years; in billions of dollars)

	1985	1986	1987	1988	1989
Administration forecast of total deficits	-195.2	-185.9	-187.7	-159.7	-128.2
Alternative deficit projections: ¹					
Higher growth/lower inflation	-191.6	-172.2	-162.2	-122.0	-73.5
Lower growth/higher inflation	-197.4	-198.5	-218.5	-216.5	-213.9

¹ Alternative projections assume that the rates of growth of real GNP and inflation are changed in opposite directions and by 1 percentage point, beginning in January 1985. Interest rates are assumed to be 1 percentage point lower than in the administration forecast in the first alternative, but not to change after 1984 in the second.

The most complete and consistent estimate of the effect of changes in the economy on the budget must come from a comparison of two complete and consistent detailed forecasts. Nonetheless, rules-of-thumb that approximate the effect of a change in a single economic variable can be useful. The rest of this section gives estimates of the size of these effects. They are, of course, only approximations. In general, the discussion is concerned with tax and spending responses that are automatic under current law. The rules-of-thumb assume that each measure of economic performance can be shifted alone, and that the budgetary effects of changes in several separate measures can be directly added to obtain the overall effects of a set of changes.

Inflation.—Inflation has a direct impact on both Federal tax collections and on Federal spending. Tax collections increase automatically as inflation swells various tax bases—corporate profits, personal incomes, payrolls, and sales. Historically, the increase in total receipts has been larger than the growth in incomes because of the progressive individual income tax with exemptions and brackets fixed. Beginning next year, however, the indexing to inflation of tax brackets, exemptions, and the zero-bracket amount will reduce this effect.

At the same time, Federal spending in a variety of areas—such as social security, other retirement programs, and medicare—also increases automatically as a result of inflation. Outlay increases may also occur in other areas, such as defense procurement, as a result of congressional or executive action to maintain real program or benefit levels.

The automatic increases in response to inflation differ in timing and magnitude as between receipts and outlays. Tax collections begin to rise almost immediately when inflation increases, in large part due to withholding and estimated payments. For outlays, however, the lags are generally longer. Statutory cost-of-living benefit increases occur at fixed intervals and are not paid until several months after the price increases that trigger them. (Income tax indexation will also occur with a lag.) Similarly, higher interest rates that may accompany higher inflation are reflected only in new debt issues and do not affect existing debt until it must be refinanced.

The upper part of the table below shows the automatic effects of a one percentage point rise in the inflation rate and in nominal GNP growth on outlays and receipts in 1985 through 1989. Interest rates are also assumed to be 1 percentage point higher. The effects shown are those that would occur under current law. The increases in outlays are for indexed programs, for interest costs, and for medicare and medicaid, all of which respond automatically under current law to price changes. If the rate of inflation and nominal GNP growth is one percentage point higher than projected, beginning in January 1985, outlays in 1986 would be roughly \$11½ billion higher, and receipts would be \$13½ billion higher, thus reducing the deficit by \$2 billion. The same rules-of-thumb apply in reverse if inflation is lower than projected. To the extent that discretionary programs are also adjusted for inflation, the outlay increase would be higher and the reduction in the deficit would be smaller.

SENSITIVITY OF THE BUDGET TO RATES OF ECONOMIC CHANGE

(Fiscal years, in billions of dollars, current law basis)

	1985	1986	1987	1988	1989
Effect of a one percentage point change in annual nominal GNP growth rate resulting from:					
A one percentage point higher annual rate of inflation (and interest rates) beginning January 1985:					
Receipts.....	3.7	13.4	23.9	37.0	51.4
Outlays.....	3.6	11.4	18.3	25.0	30.3
Change in deficit.....	-0.1	-2.0	-5.6	-12.0	-21.1
A one percentage point lower annual rate of real growth beginning January 1985:					
Receipts.....	-3.2	-12.9	-24.5	-38.5	-54.1
Outlays.....	1.0	3.7	7.3	11.4	16.2
Change in deficit.....	4.2	16.6	31.8	49.9	70.3

Some important qualifications should be noted. First, these estimates assume that real growth, productivity, and unemployment

are unchanged. If the higher inflation is offset by reduced real growth, the outlay increase would be higher and the receipts increase (if any) would be less, as can be seen by summing the receipt, outlay and deficit effects in the upper and lower portions of the table. There is little net change in receipts, but outlays increase substantially, resulting in a \$49 billion net increase in the 1989 deficit. The generally symmetrical nature of these results can be seen by comparison with the opposite case of a percentage point higher growth and lower inflation and interest rates presented earlier, which produced a \$55 billion reduction in the 1989 deficit.

Second, these estimates reflect an increase in domestic prices that is accompanied by a corresponding increase in domestic incomes. To the extent that the higher inflation is due to import price increases (for example, due to a fall in the foreign exchange value of the dollar) for which there are no corresponding increases in domestic income, the increase in receipts would be less than is shown.

Third, the receipts increase resulting from inflation is quite sensitive to how the inflation-induced growth in incomes is distributed by type of income—wage and salary income, non-wage personal income, and corporate profits, in particular, all of which are subject to different marginal Federal tax rates.

Finally, higher inflation would likely be accompanied by much higher interest rates, perhaps more than the percentage point per percentage point increase assumed here, which would also add significantly to outlays.

Because of the program-by-program variation in the timing of automatic cost-of-living increases under existing law, the outlay effect of increases in the consumer price index (CPI) on indexed programs will differ depending upon their timing. Outlays in 1985, for example, will be most affected by CPI increases for the year between the third quarter of calendar year 1983 and the third quarter of calendar year 1984. The rise in the CPI during this period will determine, under current law, the January 1985 cost-of-living increases for social security, supplemental security income, railroad retirement, and veterans pensions. Subsequent CPI increases will not increase outlays for these programs until January 1986.

Each percentage point increase in the CPI by the third quarter of calendar year 1984 increases fiscal year 1985 outlays for indexed programs by \$2.5 billion. The fiscal year 1985 outlay effect resulting from CPI increases after the third quarter of calendar year 1984 will be substantially smaller.

These estimated effects of higher prices are conservative because they do not include additional spending for other price-sensitive programs such as medicare and medicaid. Nor do they include

increases that may result from congressional or executive action to maintain real program or benefit levels for discretionary programs.

Real GNP growth.—Differences from anticipated levels of real GNP can also affect the budget substantially. Lower real GNP growth, by itself (with no change in the rate of inflation), would reduce personal and corporate incomes and therefore lower receipts. Since lower real GNP growth is accompanied by higher unemployment (unless productivity growth is reduced equally), outlays for unemployment-sensitive programs would be increased. A one percentage point lower real growth rate beginning in January 1985, with no change in inflation, would raise outlays in fiscal year 1986 by about \$3½ billion, reduce receipts by \$13 billion, and increase the deficit by \$16½ billion as shown in the lower part of the preceding table. These effects are generally symmetrical; they would be of about the same magnitude but opposite sign for a percentage point higher real growth.

Unemployment.—Higher unemployment leads directly to higher unemployment benefits with almost no lag. It also raises outlays for certain other programs, such as social security, food stamps, and public assistance, which have more beneficiaries when unemployment rises. Outlays for the latter programs generally increase with some lag. A one percentage point rise in the unemployment rate would add an estimated \$4.9 billion to 1985 outlays with about two-thirds of the increase being for unemployment benefits.

Over time the unemployment rate has tended to follow real GNP growth, with a percentage point lower unemployment rate generally associated with about a 2.1 percentage point higher level of real GNP. If inflation were to be unchanged, nominal GNP would rise by the same percentage, or by about \$82 billion for 1985. With Federal taxes having an effective marginal rate on real-growth-induced increases in GNP of about 24 or 25%, this implies an increase in receipts of about \$20 billion. Together with a \$5 billion decline in unemployment-sensitive outlays, this further implies a \$26 billion decline in the deficit associated with a one percentage point decline in the unemployment rate, *if* it is associated with a "corresponding" increase of 2.1% in real GNP *and* there is no change in inflation.

It is important to note that the sharp drop in the unemployment rate that occurred in 1983 was much greater than would have been expected on the basis of the "normal" relationship to real GNP growth in that year, and thus was not associated with as large an increase in receipts as would ordinarily be expected.

Interest rates.—Additional outlays resulting from higher interest rates occur only for new borrowing and not for existing debt until

it has to be refinanced. Thus, the outlay effect of a sustained interest rate change increases over time as more and more securities are issued at the higher or lower rates. The timing of the effect therefore varies with the term structure of the public debt. Currently, about half of the marketable debt held by the public turns over for refinancing within 15 months, and three-quarters within 5 years. Some will not be refinanced for 30 years. A one percentage point increase in all interest rates beginning January 1, 1984, would increase fiscal year 1985 outlays for net interest by \$7.1 billion. A one percentage point increase beginning July 1, 1984, would increase 1985 outlays by \$5.7 billion. However, long-term and short-term interest rates do not always move together, as is assumed for these estimates.

Changed economic conditions also affect interest outlays by changing the deficit and therefore the amount the Treasury needs to borrow. Based on the interest rate assumptions used in this budget, a \$100 billion 1985 deficit increases 1985 net interest outlays by roughly \$5.2 billion. The 1986 (full year) outlay effect of this 1985 deficit would be nearly double this magnitude, or \$9.4 billion.

Federal pay raises.—Each additional percentage point increase in Federal pay adds about \$1 billion to outlays, with about 40% going to the military, one-fourth to civilian employees in the Department of Defense, and one-third to employees of civilian agencies.

Changes in sensitivity.—In recent years, legislative changes, administrative reforms, and economic developments have reduced the acute sensitivity of the budget to economic assumptions. Indexation of the individual income tax brackets, to begin in 1985, is a major example; it will reduce the growth in receipts in response to inflation-induced increases in nominal incomes. Unemployment insurance extended benefits now only trigger on State by State, not simultaneously nationwide, which reduces the overall sensitivity of unemployment compensation to the national unemployment rate. This, together with a lower responsiveness of insured unemployment to overall unemployment in recent years, has significantly reduced the sensitivity of unemployment compensation to the unemployment rate in the past several years.

Stricter eligibility standards and policing against waste, fraud and abuse have somewhat reduced the estimated sensitivity of such programs as food stamps and public assistance to unemployment. At the same time, elimination of twice-a-year cost-of-living adjustments for Federal employee retirement, food stamps, and other programs reduces the rapidity with which their outlays rise in response to inflation. The delays in cost-of-living adjustments proposed in this budget, of course, would also reduce the near-term

sensitivity of the budget to economic assumptions—though only on a one-time basis.

SENSITIVITY OF THE BUDGET TO ECONOMIC ASSUMPTIONS

(Fiscal years; in billions of dollars)

	1984	1985	1986	1987	1988	1989
PRICES (EFFECT ON INDEXED PROGRAM OUTLAYS)						
Sustained one percentage point higher rate of inflation beginning:						
Under current law:						
January 1984.....		1.2	3.9	7.0	10.5	14.3
July 1984.....		0.4	2.6	5.7	9.1	12.8
Under proposed law:						
January 1984.....		1.3	3.9	7.0	10.5	14.2
July 1984.....		0.4	2.6	5.6	9.1	12.8
One-time one percentage point jump in price level occurring:						
Under current law:						
January 1984.....		1.7	2.6	2.6	2.8	2.8
July 1984.....		1.6	2.6	2.7	2.8	2.8
Under proposed law:						
January 1984.....		1.9	2.6	2.7	2.8	2.8
July 1984.....		1.8	2.6	2.7	2.8	2.8
INTEREST RATES (EFFECT ON NET INTEREST)						
Sustained one percentage point increase in interest rates under budget policy deficits, beginning: ¹						
January 1, 1984.....	2.2	7.1	10.3	13.5	16.5	18.1
July 1, 1984.....	0.3	5.7	9.5	13.1	16.0	18.0
INTEREST COST OF HIGHER FEDERAL BORROWING						
Effect of \$100 billion borrowing in 1985 ²		5.2	9.4	9.3	8.7	8.1
UNEMPLOYMENT RATE						
One percentage point higher rate beginning January 1, 1984:						
Unemployment benefits.....	2.5	3.1	3.0	2.8	2.7	2.5
Other unemployment-sensitive outlays.....	1.0	1.8	2.0	2.0	2.0	2.0
FEDERAL PAY RAISES						
Outlay effect of one percentage point increase in October 1985:						
Military personnel.....			0.4	0.5	0.5	0.5
Civilian employees:						
Department of Defense.....			0.2	0.3	0.3	0.3
Civilian agencies.....			0.3	0.3	0.4	0.4
Employer share, employee retirement.....			-0.1	-0.1	-0.1	-0.1

¹ Omits increase in receipts due to higher Federal Reserve System deposits of earnings.

² Includes subsequent interest on borrowing incurred to pay for previous interest costs.

PART 3

BUDGET PROGRAM
AND TRENDS

3-1

BUDGET PROGRAM AND TRENDS

The President's 1985 budget embodies four major elements:

- a continued freeze on real domestic spending growth and further progress in the remarkable reduction in domestic spending relative to GNP that has been under way since 1981;
- continued realignment of national budget priorities toward defense, international security, and other core purposes of Government;
- modest further domestic programmatic budget savings totaling *\$62 billion* over 1985-89 that can and should be adopted by this Congress; and
- a total spending burden on the U.S. economy (share of GNP) that is coming down from the recession peaks, but which is still *too high* and which defines the spending control challenge for 1985 and beyond.

The Dramatic Halt in Domestic Spending Growth

After three budget rounds, the explosive domestic budget growth of the three decades prior to 1980 has clearly been contained. Constant dollar domestic spending doubled between 1954 and 1961; doubled again by 1971; and nearly doubled again by 1981. But after completion of most congressional action on the 1984 budget, real domestic spending now stands *lower* than in 1981. And if the policies proposed in the President's 1985 budget are adhered to, there will be essentially *no growth* in real terms through 1989. Thus, after an era in which the real cost of government *doubled three times* in less than three decades, the shift in national policy inaugurated by the Reagan administration will result in a *decade-long domestic real spending freeze*.

Moreover, this abrupt halt to the runaway growth momentum of domestic government is now built into the structure of the budget—even if the modest additional savings proposed for 1985 and out-years are not fully implemented by Congress. The current services budget for domestic programs will rise only 6% in constant dollars between 1981 and 1989.

Note: In this Part, domestic spending refers to all non-interest outlays except the Department of Defense—military and national interest programs as detailed beginning on p. 3-49; defense refers to Department of Defense—military only; all spending figures through p. 3-15 include off-budget outlays; and, where nominal dollars are adjusted for inflation and converted to constant dollars, they are deflated by the GNP deflator (fiscal year 1985 = 100).

DOMESTIC SPENDING

(In billions of constant 1985 dollars)

Pre-Reagan:		Amount
1954.....		57.5
1961.....		126.5
1971.....		269.9
1981.....		526.6
Since Reagan:		
1984 enacted.....		522.8
1985 proposed.....		523.1
1989 proposed.....		529.1
1989 current services.....		558.3

No domestic spending growth means declining burden on an expanding economy.—During the years from 1954 to 1981, real domestic spending grew at an average rate of more than 5 percentage points per year faster than the real growth in goods and services (GNP) produced by the American people. As a consequence the domestic spending share of GNP skyrocketed from 4.0% to 15.0%—more than tripling in less than three decades.

By contrast, the Federal Government's success in achieving domestic spending control since the late 1970's means that the economy (real GNP) is now growing faster than domestic spending. Consequently, the economic burden of domestic government is at long last heading down. This reversal is nearly without precedent among major industrial democracies.

DOMESTIC SPENDING AS A PERCENT OF GNP

Pre-Reagan:		Percent of GNP
1954.....		4.0%
1961.....		7.3
1971.....		10.5
1981.....		15.0
Since Reagan:		
1984 enacted.....		14.0
1985 proposed.....		13.4
1989 proposed.....		11.6
1989 current services.....		12.3

Non-entitlement domestic outlays have been cut 24% in real terms and will decline by 40% under the President's 1985 budget.*—Between 1954 and 1978, constant dollar domestic spending excluding entitlements increased *five-fold*. Due to the sweeping retrenchment in domestic programs since 1981, real domestic discretionary

*All domestic spending except social insurance and low-income benefit programs.

spending has already receded to nearly its 1974 level (down 24% from its 1978 peak), and under the President's proposed 1985 budget will be more than 40% lower than the 1978 level by 1989. In short, the continued restraint embodied in the President's 5-year budget plan, if adhered to, would shrink the constant dollar size of domestic government, excluding entitlements, to nearly its 1971 level.

DOMESTIC SPENDING EXCLUDING ENTITLEMENTS

[In billions of constant 1985 dollars]

Pre-Reagan:	<i>Amount</i>
1954	38.8
1974	138.2
1978	207.7
Since Reagan:	
1984 enacted	158.4
1985 proposed	153.8
1989 proposed	122.8
1989 current services	138.1
Average annual real growth (percent):	
1954-78	+7.2%
1978-84	-4.4
1984-89	-5.0

Domestic discretionary share of GNP: declining to post-Korean War levels.—When measured relative to GNP, the progress achieved and proposed for the future is even more dramatic. Non-entitlement domestic spending approved by Congress for 1984 will amount to only 4.2% of GNP. This means that since 1978, the economic burden of financing domestic government excluding entitlements has dropped by one-third. Moreover, the proposed 1985 budget would further reduce the burden of domestic non-entitlement spending to 4.0% of GNP—with continued shrinkage to 2.7% by 1989. Even without the additional savings proposed in the 1985 budget for this category of domestic spending—the 1989 current services spending projection at 3.0% of GNP would be only slightly higher than in 1954.

DOMESTIC SPENDING EXCLUDING ENTITLEMENTS AS A PERCENT OF GNP

Pre-Reagan:	<i>Percent of GNP</i>
1954	2.7%
1958	2.8
1964	4.0
1978	6.3
Since Reagan:	
1984 enacted	4.2
1985 proposed	4.0
1989 proposed	2.7
1989 current services	3.0

Low-income benefit reforms have stopped the massive growth of welfare costs.—Between 1954 and 1981 the constant dollar cost of federal means-tested benefit programs increased *eleven-fold*—from \$6 billion to \$68 billion. Although Congress has not adopted all of the reforms proposed by the administration, estimated 1984 current law real costs will be lower than 1981, as will the means-tested budget share of GNP. Moreover, even on a current services basis, both constant dollar costs and the GNP share will be nearly *stable* for the remainder of the 1980's. Again, the turnaround could not be more dramatic: after increasing over 1,000% in real terms between 1954 and 1981, the outlook through 1989 is for virtually no further real cost growth at all. Contrary to the claims of some critics, the social safety net is as strong today as it was in 1981 as measured by constant dollars of budget resources: the difference is that unsustainable, unnecessary, and socially counterproductive expansion has been stopped.

LOW-INCOME BENEFIT PROGRAMS

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
Pre-Reagan:		
1954.....	6.2	0.4%
1970.....	20.8	0.8
1981.....	68.0	1.9
Since Reagan:		
1984 enacted.....	66.8	1.8
1985 proposed.....	65.5	1.7
1989 proposed.....	68.4	1.5
1989 current services.....	72.1	1.6

Due to bipartisan reform the rapid growth of social insurance programs has finally slowed.—Nearly the entire growth in the Federal budget relative to the national economy from 1954 to 1981 is accounted for by the sustained expansion and evolution of the Nation's social insurance system. Over these 27 years, the constant dollar cost of social security, unemployment insurance, medicare, Federal pensions, and related smaller programs grew from \$26 billion to \$267 billion or over *ten-fold*. The social insurance spending claim on GNP likewise surged from less than 2% to 7.6%.

Beginning about 1977, however, a bipartisan recognition that the various social insurance programs were rapidly approaching both unaffordability and insolvency generated successive benefit reform and financial improvement bills. These included the 1977, 1980 and 1983 social security bills, and various medicare, unemployment

insurance, and railroad retirement solvency and cost control measures. Since most of these legislative changes were prospective in nature, the fiscal effects will materialize in the mid-to-late 1980's. This can be seen in the dramatic decline in the annual real growth rate from 8.8% over 1954-1983 to only 2.3% under current services for the 1983-1989 period. Consequently, after peaking at 8.6% of GNP in the recession year of 1983, the social insurance budget will steadily fall relative to the economy's capacity to support it in the years ahead.

SOCIAL INSURANCE PROGRAMS

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
Era of bipartisan expansion:		
1954 *	25.8	1.8%
1968 *	102.3	4.3
1981	266.8	7.6
1983	302.8	8.6
Effects of bipartisan legislative restraint since 1977:		
1984 enacted	297.7	8.0
1985 proposed	303.8	7.8
1989 proposed	338.0	7.4
1989 current services	348.1	7.7
Average annual real growth (percent):		
1954-83	+ 8.8%	
1983-89 proposed	+ 1.8	
1983-89 current services	+ 2.3	

*Excludes military retirement accruals

DEFENSE AND NATIONAL INTEREST PROGRAMS: RETURN OF BUDGET COMMITMENT TO POST-WAR MID-POINT RELATIVE TO GNP

Critics of the administration's defense and security-related budget build-up frequently compare current and proposed budget levels to those which prevailed in the late 1970's and allege that administration policies have resulted in inordinate budget growth. But this represents a cramped and misleading view of defense and national interest funding requirements, as well as failure to consider the longer trend of post-war budgetary history.

The programs in the aggregation addressed in this section embody core purposes of the Federal Government; Department of Defense—military (DOD) expenditures; defense related spending for weapons development and production (Department of Energy); the conduct of foreign policy and the economic and security assistance expenditures required by it; leadership in space and science (NASA); the servicing and policing of our vast coastal borders (Coast Guard); and the national defense and strategic petroleum stockpiles. While constant dollar budget resources have risen strongly since 1980, the fact remains that enacted real funding for 1984 barely exceeds peak

expenditures recorded in 1968. The 1968 level reflected the coincident fiscal pressures of the Vietnam War, the Apollo moonshot, and substantial commitments to economic and security assistance for areas of national interest around the world. Moreover, relative to GNP, 1984 spending for these programs is actually 33% lower than what the national economy proved capable of sustaining in 1968.

DEFENSE AND NATIONAL INTEREST EXPENDITURES: 1968 VERSUS 1984 ENACTED

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
1968.....	265.2	11.0%
1984 enacted.....	276.3	7.4
Difference.....	+ 11.1	- 3.6

Thus, it is clear that the needed defense catch-up and modernization programs launched on a bipartisan basis by Congress in 1980 and accelerated during the Reagan administration, along with expenditures for other national interest programs, do not come close to imposing the burden on the U.S. economy experienced during earlier periods when equally critical national interests were at stake. The widespread misconception on this score stems from a failure to appreciate the degree to which the low expenditure burden for defense and national interest programs experienced during the mid-1970's represented a transient and aberrant historic interlude. The resulting fiscal windfall was unsustainable because these depressed funding levels were inconsistent with stated national security, foreign policy, and international leadership objectives—objectives that have remained broadly continuous throughout the post-war period.

As shown in the table below, between 1968 and the low point in 1976, constant dollar defense and national interest expenditures plummeted by 32%. Likewise, the GNP share fell from 11.0% to 6.1% or by over two-fifths.

ABRUPT DECLINE IN DEFENSE AND NATIONAL INTEREST EXPENDITURES, 1968-76

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
1968.....	265.2	11.0%
1976.....	180.0	6.1
Percent change.....	- 32%	- 45%

This massive drop occurred because, for reasons of both short-run national policy trends and happenstance, all major categories within this budget sector were declining simultaneously. The space program was then between the Apollo mission and the build-up of

the shuttle program; DOD expenditure declines reflected operational cost reductions attributable to the withdrawal from Vietnam and the large mid-70's decline in end-strength; and strategic and conventional weapons programs were allowed to slacken substantially during this period.

TRENDS IN MAJOR DEFENSE AND NATIONAL INTEREST PROGRAMS: 1968-1976

(1985 constant dollar amounts in billions)

	1968	1976	Percent change
Space program.....	13.3	6.0	-55%
DOE weapons and preparedness	4.3	2.9	-33
Development aid, security assistance and other national interest	14.7	11.9	-19
DOD military.....	232.8	159.1	-32
Total.....	265.2	180.0	-32

The inadequacy and unsustainability of these depressed mid-1970's funding levels were reflected in budget trends emerging during the Carter administration. The deterioration of the international security environment and the growing congressional recognition of U.S. military inadequacy resulted in a 12½% increase in real defense and national interest outlays between 1976 and 1980. Even then, constant dollar spending in the last full Carter administration budget (1980) was still 12½% below the \$232 billion per year average of 1964-1970. More importantly, the continued real growth of the national economy meant that the spending share of GNP stayed below 6% through 1980 compared to over 10% from 1964-1970.

Thus, when the 1970-1980 valley in defense and national interest spending trends is accounted for, a decidedly different picture emerges regarding the necessary rise in these expenditures that has been achieved thus far and that is planned for future years. As shown below, constant dollar expenditures for DOD and national interest programs have risen by 36% since 1980. The President's proposed budget would continue this trend during the remainder of the 1980's.

GROWTH IN DEFENSE AND NATIONAL INTEREST PROGRAMS

(1985 constant dollar amounts in billions)

	DOD	National interest	Total
Change to date:			
1980.....	175.6	27.0	202.6
1984 enacted.....	242.0	34.3	276.3
Percent change from 1980	+38%	27%	+36%
Proposed 1985 budget:			
1985.....	264.4	36.7	301.1
1989.....	339.1	35.0	374.1
Percent change from 1980	+93%	+29%	+85%

Yet, as substantial as these increases appear to be, they will result in a claim on GNP that is lower than that which prevailed during the entire 1954-1970 period. Devotion of 8% of GNP to the fundamental purposes of Government and, most particularly, to the Nation's military security in a difficult and threatening world can hardly be considered excessive. Indeed, it represents no more than a mid-point between the normal burden prior to 1970 and the temporarily depressed levels of the mid and late 1970's.

TRENDS IN DEFENSE AND NATIONAL INTEREST SPENDING

Historic trend:	Percent of GNP
1954-1970	10.8%
1976-1980	5.8
1984 enacted	7.4
Proposed 1985 budget:	
1985	7.7
1989	8.2

REORDERING THE NATION'S FISCAL PRIORITIES

Vast changes in the Federal budget's structure occur over time. The re-direction of policy inaugurated by the Reagan administration is such a change.

Measuring budget changes from any given year, however, can confuse as easily as enlighten. Nevertheless, the budget structure of 1971 stands out as perhaps an equilibrium point in post-war budgetary history: it represents the mid-point between the high defense/low domestic budget structure of the immediate post-Korean war period and the low defense/high domestic budget composition of the late 1970's. Neither extreme is compatible with the requirements and realities of the 1980's. The low defense level of the later 1970's was unsustainable and has been abandoned. The low domestic level of the 1950's has been surpassed by history and settled national commitments.

By contrast, defense spending was still at a healthy level in 1971 and much of the modern structure of domestic spending commitments had already emerged. In particular, the Great Society domestic programs had been well established and the Nation's social insurance system had been expanded to include most of its current protections, including disability, medicare, and extended unemployment benefits. Significantly, however, the large across-the-board benefit increases enacted in the 1970's and the impact of excessive

indexing and policy errors in entitlement programs had not yet occurred.

The table below demonstrates that the fiscal course charted by the administration for the 1980's essentially seeks a restoration of the 1971 *status quo ante*. Substantial progress in this direction has already been realized, as measured by the congressionally enacted 1984 budget. Unfortunately, the reduction in the domestic spending claim has proceeded more slowly than the rise in defense and other national interest outlays—resulting in a slight increase in the total non-interest Federal spending claim on GNP since 1980. Nevertheless, if the policies embodied in the President's 1985 budget are faithfully adhered to, the 1971 *status quo ante* as between domestic and defense/national interest spending claims on GNP will have been nearly restored by the end of the decade. Overall, this shift in composition would result in less than a 1% rise in the total programmatic spending burden.

**DOMESTIC AND DEFENSE/NATIONAL INTEREST CLAIMS ON GNP:
RESTORATION OF THE 1971 STATUS QUO ANTE**

(Percent of GNP)

	Domestic	Defense/ national interest	Total
Historic reference:			
High defense/low domestic: 1954	4.0%	14.1%	18.1%
Low defense/high domestic: 1978	14.6	5.6	20.2
Post-war midpoint: 1971	10.5	8.4	18.9
1980's compared to 1971 midpoint:			
1980	15.0	5.9	20.9
Change from 1971	+ 4.5	- 2.6	+ 2.0
1984 enacted	14.0	7.4	21.4
Change from 1971	+ 3.5	- 1.0	+ 2.5
1985 proposed	13.4	7.7	21.2
Change from 1971	+ 3.0	- 0.7	+ 2.2
1989 proposed	11.6	8.2	19.9
Change from 1971	+ 1.1	- 0.2	+ 0.9

Decomposition of the domestic spending component of the budget highlights the strong challenge posed by the path embodied in the 1985 budget. First, achieving the 11.6% of GNP overall domestic target for 1989 depends crucially on four conditions:

- that constant dollar cost of the means-tested safety net programs will remain between \$65 and \$70 billion—implying no real benefit or caseload expansion or contraction—thereby permitting the GNP share to fall slowly in the context of an expanding economy;
- that no additional domestic discretionary program commitments beyond those embodied in the 1984 budget baseline will

be undertaken during the remainder of the decade unless existing programs of equal cost are eliminated;

- that annually appropriated funding levels for discretionary programs and periodic re-authorizations for programs like highway building and price supports will be consistently constrained below the cumulative inflation rate in order to cause continued erosion in real program levels, as has been the policy since 1980; and
- that the economy will remain on a steady path of sustained real growth and low inflation throughout the 1980's. The latter condition is essential in order to avoid periodic legislative pressures for "real funding catch-ups" for appropriated programs subsequent to a rising inflation trend. The former is required to avoid recession-induced caseload growth in means-tested entitlements and legislated liberalizations in response to short-term social distress.

The path charted in the 1985 budget assumes that these 4 conditions will be fulfilled. As shown below, this permits the total domestic spending share of GNP to fall nearly to its 1971 level, despite the fact that the social insurance claim remains substantially higher than in 1971 and that the policy of a stable constant dollar means-tested safety net results in a higher GNP claim even by 1989 than was the case in 1971. Stated differently, the high real cost of even the restrained social insurance and low income entitlement structure that has emerged after three budget rounds during the Reagan administration requires the steady withering of other domestic spending if the total domestic budget burden is to be restored to the 1971 level.

DOMESTIC PROGRAMS

(As a percent of GNP)

	Social insurance	Low income benefits	Other programs	Total domestic
1971	4.7%	1.1%	4.7%	10.5%
1980	7.2	1.8	6.0	15.0
Change from 1971	+2.5	+0.7	+1.3	+4.5
1984 enacted	8.0	1.8	4.2	14.0
Change from 1971	+3.2	+0.7	-0.4	+3.5
1989 proposed	7.4	1.5	2.7	11.6
Change from 1971	+2.7	+0.4	-2.0	+1.1

These calculations make clear that attainment of fiscal equilibrium by the end of the decade is totally incompatible with new large-scale domestic policy initiatives now being advanced in some quarters. Such initiatives would virtually guarantee the need for a major general tax increase. Given the nearly 8% of GNP required

for social insurance, the other components of the domestic budget must continue to shrink relative to GNP—an outcome that cannot be achieved if significant new program commitments are undertaken. Thus, a major increase in Federal aid to education, an expensive national industrial policy, a significant restoration of pre-1982 constant dollar Federal spending for health, training, and social service programs, or major increases in domestic infrastructure investment, if combined with full current services funding of existing commitments, would push total domestic spending back into a range of 13-14% of GNP. When combined with the 8% of GNP required for defense and national interest programs and additional requirements for debt service, the permanent total spending burden range would exceed 24% of GNP.

Conversely, the minimization of potential future tax increases will require additional steps to lower domestic spending to below the 1989 goal of 11.6% of GNP now embodied in the proposed budget. Among other things, this would likely involve accelerating the decline that will occur in the mid and late 1980's under current law in the social insurance share of GNP. Given the pending solvency crisis in medicare, excessive annuity levels embodied in Federal pensions, and the potential for further reform of benefit indexing mechanisms, it is apparent that opportunities for such savings do exist. If a bipartisan consensus can be obtained, these reforms could reduce social insurance spending to 7.0% of GNP by the late 1980's.

Thus, meeting the current domestic budget goal of 11.6% of GNP by 1989, and reducing it to below 11% in future budget plans in order to minimize the threat of major tax increases will require ceaseless restraint and significant further retrenchment in all parts of the domestic budget. Yet, this is achievable if the policy climate of 1981-1984 can be maintained throughout the remainder of the decade. The essential dynamics of the 1981-84 domestic budget shrinkage have been four-fold:

- no entitlement liberalizations or repeal of prior reforms;
- no new substantial discretionary spending commitments of the type that proliferated during the 1970's;
- declining real budget resources for discretionary appropriations and operating agencies; and
- steady reform and retrenchment of existing entitlement program features—particularly social insurance.

In the context of a stable economy, a domestic fiscal policy that remains anchored to these premises can reduce total Federal spending excluding interest to the 1971 *status quo ante*—19% of GNP. But, a policy that abandons one or more of these conditions is both doomed to failure and is a recipe eventually for massive general tax increases.

THE DEBT SERVICE PROBLEM

The previous sections demonstrate that the fiscal course charted by the Reagan administration is compatible with returning the programmatic spending share of GNP to below 20% by the end of the decade, and to the 1971 status quo ante (19%) with additional reforms, mainly in the social insurance budget in future years. This leaves for consideration the funding requirement for debt service.

In the context of the generally stable and low-inflation economic environment that prevailed prior to the late 1960's, debt service averaged an almost constant 1.3% of GNP each year over the course of two decades (1954-1974). But subsequently, under the pressure of rising nominal interest rates, as well as significantly larger average annual deficits, the debt service claim on GNP rose steadily until it reached 2.0% in 1980. The recent period of high interest rates and recession-fueled high deficits that accompanied the monetary and economic correction of 1981-83 pushed debt service costs still higher.

It is currently estimated that constant dollar debt service costs in 1984 will be triple 1971 levels and that the GNP share will reach 3.0%—or more than double its 1971 claim.

RISE IN DEBT SERVICE COSTS SINCE 1971

(1985 constant dollar amounts in billions)

	Amount	Percent of GNP
1971	37.0	1.4%
1980	70.4	2.0
1984 enacted	113.6	3.0
Percent change from 1971	+207%	+111%

This staggering rise in the debt service burden, which has been building continuously for more than a decade, accounts in considerable part for the elevated and unprecedented total Federal spending claims on GNP that have been recorded since 1980. As shown below, during the recession/recovery cycle years of 1975-1977 programmatic spending averaged 20.8% of GNP—a level only slightly below the 21.7% average for the comparable years 1982-84. But the net interest claim was nearly double in the latter period, contributing 60% of the overall rise in the spending claim on GNP between 1975-77 and 1982-84.

A similar comparison of the proposed 1985 budget with the 1971 status quo ante highlights the degree to which the attainment of fiscal equilibrium by the end of the 1980's depends on further progress both in reducing the present level of nominal interest

COMPARISON OF SPENDING SHARES OF GNP DURING RECESSION/RECOVERY CYCLES

(Average percent of GNP)

Period	Net interest	Programmatic spending	Total spending
1975-77	1.6%	20.8%	22.4%
1982-84 enacted	2.9	21.7	24.6
Difference	+ 1.3	+ 1.0	+ 2.3

rates and in achieving a reduction in the domestic spending claim on GNP that exceeds that charted in the 1985 budget plan.

For 1985, debt service payments are projected to remain at their historic high (3.0% of GNP) while programmatic spending will decline slightly from the 1984 level, resulting in a total spending claim on GNP that remains above 24% of GNP for the fourth successive year. However, if the 1985 budget plan is adhered to, the debt service claim on GNP would steadily decline. This declining path is a consequence of the gradual fall of proposed programmatic spending and deficit claims relative to GNP and the forecast assumption that the 91-day Treasury bill rate will drop from 8.6% in fiscal year 1984 to 5.1% by 1989. With the further assumption that future policy action will constrain programmatic spending to 19% of GNP, the interest burden would fall to around 2% by the end of the decade. Under these conditions, fiscal equilibrium could be attained with total Federal spending in a range between 20-21% of GNP.

Failure to achieve these economic and policy conditions, however, would have seriously adverse consequences. The current services programmatic spending level projected for 1989 is \$44 billion or about 1% of GNP higher than the severely constrained spending path proposed in the 1985 budget. In the event that any combination of defense and non-defense spending were permitted to drift toward the current services level, debt service would remain at 3% through 1987, resulting in total spending staying above 23% of GNP through 1989.

More critically, if, in addition, the declining interest rate path assumed in these projections is not achieved, the debt service claim could rise above even the 3% level that now obtains. These consequences are displayed in the current services alternate forecast entry in which the Treasury bill rate is assumed to remain at current levels (9%) throughout the period and, as a consequence, the trend real GNP growth rate falls from 4% per year to 3%.

Under these adverse policy and economic conditions, debt service rises to 4.4% of GNP by the end of the decade—a claim on the national economy *3.5 times* larger than the pre-1974 equilibrium.

While programmatic spending would be similar to the 1985 level (21.1%), the total spending burden would surge to 25-26% of GNP.

Thus, adherence to both the spending policy plan and the economic forecast path assumed in the 1985 budget is imperative if the current historically-unprecedented debt service claim on GNP is to be reduced, and the total Federal spending claim is to recede toward the 1971 *status quo ante* (20.4% of GNP).

THE POTENTIAL DEBT BURDEN TO 1989

(Percent of GNP)

	Debt service	Programmatic spending	Total spending
1971.....	1.4%	18.9%	20.4%
1985 proposed.....	3.0	21.2	24.2
Change from 1971.....	+1.6	+2.2	+3.8
1989 proposed.....	2.4	19.9	22.2
Change from 1971.....	+0.9	+0.9	+1.8
1989 current services.....	2.6	20.7	23.3
Change from 1971.....	+1.2	+1.7	+2.9
1989 current services with alternate forecast.....	4.4	21.1	25.5
Change from 1971.....	+2.9	+2.2	+5.1

The 1985 Spending Restraint Program ¹

This section provides further detail and analysis regarding the firm fiscal restraint embodied in the 1985 budget, as measured relative to the current services baseline and relative to historic constant dollar spending levels. Since no widely accepted current services baseline exists for the Defense Department, discussion of DOD spending policy changes is excluded from this section.

As shown in the table below, the net non-DOD programmatic spending reduction relative to current services is modest, amounting to a 2% reduction over 1985-1989.

1985 BUDGET VERSUS CURRENT SERVICES: NONDEFENSE PROGRAMMATIC SPENDING

(Dollar amounts in billions)

	1985	1986	1987	1988	1989	Total
Current services	549.6	575.6	610.3	645.4	679.0	3,059.9
1985 budget	545.0	566.0	598.2	629.7	658.6	2,997.6
Proposed savings	-4.6	-9.6	-12.0	-15.7	-20.4	-62.3
Percent reduction	-0.8%	-1.7%	-2.0%	-2.4%	-3.0%	-2.0%

These totals, however, fail to capture the full degree of fiscal restraint embodied in the 1985 budget for two reasons.

First, in a number of critical areas, the 1985 budget proposes policy increases for selective programs that net against savings proposed throughout the remainder of the budget. As shown in the table below, these add-ons to the current services baseline total \$4.5 billion in 1985 and \$47.5 billion over five years. By contrast, savings proposed elsewhere in the budget total \$110 billion over 1985-1989, representing a 4% reduction from current services. On a net basis, then, 43% of the savings from current services proposed throughout the budget are needed to offset the selective increases to current services for programs listed in the table.

In addition, it should be noted that consistent with last year's bipartisan agreement on social security reform, no changes in current law spending are proposed for social security. Unemployment insurance is treated in a similar manner. Consequently, the \$110 billion in 5-year gross savings are generated from a relatively small share of the budget baseline. As shown in the table, proposed 1985 savings in the budget remainder, excluding social security and unemployment insurance, total 3% in 1985 and rise to nearly 10% by 1989.

¹The spending figures throughout the rest of Part 3 exclude off-budget outlays in order to maintain consistency with program and budget totals displayed elsewhere.

NONDEFENSE PROGRAMMATIC INCREASES AND SAVINGS IN 1985 BUDGET

(Dollar amounts in billions)

	1985	1986	1987	1988	1989	Total
Selective Program Increases						
Development aid/Central America:						
Current services.....	5.7	5.6	5.9	6.2	6.1	29.4
Proposed increases	+1.0	+0.6	+0.6	+0.4	+0.3	+2.8
Space program:						
Current services.....	6.4	6.1	5.6	5.3	5.3	28.8
Proposed increases	+0.3	+1.0	+1.9	+2.7	+3.1	+8.9
Security assistance/FMS:						
Current services.....	4.9	5.2	5.5	5.9	6.1	27.6
Proposed increases	+2.2	+3.5	+3.8	+3.7	+3.5	+16.6
State Department/USIA:						
Current services.....	2.3	2.4	2.7	2.8	2.9	13.1
Proposed increases	+0.3	+0.4	+0.5	+0.5	+0.5	+2.1
DOE weapons program and preparedness:						
Current services.....	6.9	7.3	7.0	7.0	7.2	35.4
Proposed increases	+0.7	+1.5	+2.3	+2.8	+3.1	+10.5
NSF and energy science:						
Current services.....	2.0	2.1	2.1	2.2	2.3	10.8
Proposed increases	+0.1	+0.2	+0.2	+0.3	+0.3	+1.1
Law enforcement:						
Current services.....	5.7	5.9	6.2	6.6	6.9	31.4
Proposed increases	+0.1	+0.1	+0.2	+0.2	+0.2	+0.8
Veterans program:						
Current services.....	26.1	27.0	28.3	29.8	30.8	142.0
Proposed increases	-0.1	+0.5	+0.6	+0.8	+0.8	+2.6
Airways/airports:						
Current services.....	4.5	4.7	5.0	5.2	5.5	25.0
Proposed increases	-0.1	+0.5	+0.6	+0.6	+0.4	+2.0
Selective program increases, subtotal:						
Current services.....	64.5	66.4	68.5	71.1	73.0	343.5
Proposed increases	+4.5	+8.2	+10.7	+11.9	+12.2	+47.5
Remainder of Nondefense Programmatic Budget						
Current services	485.1	509.3	541.8	574.3	606.0	2,716.5
Proposed savings	-9.2	-17.8	-22.7	-27.6	-32.5	-109.8
Percent change	-1.9%	-3.5%	-4.2%	-4.8%	-5.4%	-4.0%
Remainder of Nondefense Programmatic Budget Excluding Social Security and Unemployment						
Current services	278.6	289.8	308.4	327.5	344.9	1,549.2
Proposed savings	-9.2	-17.8	-22.7	-27.6	-32.5	-109.8
Percent change	-3.3%	-6.1%	-7.4%	-8.4%	-9.4%	-7.1%

The second dimension of fiscal restraint embodied in the 1985 budget is the fact that 3 budget rounds of severe retrenchment, entitlement reform, and substantial program level reduction have nearly eliminated the powerful growth momentum that built up during the 1970's. Stated differently, the current services baseline itself now reflects an implicit policy of restraint relative to recent historical norms. If the current law structure of entitlements and other mandatory programs is left intact and discretionary programs are funded at no greater than the prior year level plus inflation, constant dollar budget growth would average only 1.3% per year over 1985-1989—3 times less than the projected average growth of real GNP. Thus, for 1985 and future years, a major component of the restrictive fiscal policy needed to achieve budget equilibrium by the end of the decade will be simply preservation of the restraint now built into the structure of the budget.

The table below compares the 1985-1989 current services baseline in constant dollars with two 5-year intervals in the 1970's. Actual constant dollar budget growth in 1971-1975 was *seven times greater* than the real growth rate now built into the current services baseline for 1985-1989. During 1976-1980 real growth was three and a half times greater.

Moreover, the constant dollar current services baseline for 1985—\$549.6 billion—represents only 4.3% increase over the actual level attained in 1980. This means that over the last 4 years (1980-1984) real non-DOD spending growth has averaged only 1.1% per year.

COMPARISON OF 1985-1989 NONDEFENSE PROGRAMMATIC REAL BUDGET GROWTH WITH 1970's TRENDS

(1985 constant dollar amounts in billions)

	1971	1972	1973	1974	1975	Average
1971-75 actual:						
Amount.....	293.5	327.5	348.8	355.7	415.6	348.2
Annual real growth.....	+11.0%	+11.6%	+6.5%	+2.0%	+16.8%	+9.6%
	1976	1977	1978	1979	1980	Average
1976-80 actual:						
Amount.....	451.0	466.0	491.2	487.0	527.1	484.5
Annual real growth.....	+8.5%	+2.7%	+5.4%	-0.8%	+8.2%	+4.6%
	1985	1986	1987	1988	1989	Average
1985-89 current services:						
Amount.....	549.6	550.4	559.5	569.0	577.4	561.2
Annual real growth.....	+1.8%	+0.1%	+1.7%	+1.7%	+1.5%	+1.3%
1985-89 President's budget:						
Amount.....	545.0	541.2	548.5	555.2	560.1	550.0
Annual real growth.....	+1.0%	-0.7%	+1.3%	+1.2%	+0.9%	+0.7%

When the modest additional reductions proposed in the 1985 budget for the aggregate non-DOD programmatic spending are factored in, the proposed constant dollar spending path averages only 0.8% per year.

Even these figures, however, understate the full degree of restraint built into most categories of the current services baseline. The medical entitlement programs—medicare and medicaid—are now nearly unique in exhibiting strong real growth under current law. As shown below, the current services baseline real growth rate for the medical entitlements over 1985–1989 averages 7.5%. However, when these programs are deducted from the totals, the remainder of the non-DOD current services programmatic baseline exhibits virtually no constant dollar change. Thus, with the exception of the medical entitlements, the non-DOD current services programmatic budget is already *frozen in real terms* for the remainder of the decade.

This condition is even more pronounced in the policy path charted in the President's 1985 budget. When the modest medicare and medicaid reforms proposed in the budget are accounted for, the medical entitlement real growth rate drops to 6.2% over the 5 years. But the remainder of the non-DOD programmatic budget actually contracts in real terms by 2% between the 1984 enacted level and the proposed 1989 level.

NONDEFENSE PROGRAMMATIC BUDGET GROWTH 1985–1989: MEDICAL ENTITLEMENTS VERSUS ALL OTHER

(1985 constant dollar amounts in billions)

	1985	1986	1987	1988	1989	Average
Current services:						
Medical entitlements:						
Amount	91.1	96.3	103.3	110.8	118.8	104.1
Real growth rate	+10.1%	+5.7%	+7.3%	+7.3%	+7.2%	+7.5%
Non-DoD remainder:						
Amount	458.5	454.1	456.2	458.2	458.5	457.1
Real growth rate	+0.2%	–1.0%	+0.5%	+0.4%	+0.1%	+0.1%
1985 budget:						
Medical entitlements:						
Amount	89.0	93.3	99.1	105.3	111.7	99.7
Real growth rate	+7.8%	+4.8%	+6.3%	+6.2%	+6.2%	+6.2%
Non-DoD remainder:						
Amount	456.0	447.9	449.4	449.9	448.3	450.3
Real growth rate	–0.2%	–1.8%	+0.3%	+0.1%	–0.4%	–0.4%

In order to clarify and amplify these more complex trends underlying the non-DOD budget totals, the detailed programmatic savings and policy initiatives contained in the 1985 budget are presented below in 9 major categories. These categories are similar to

the official "budget functions" in that they combine hundreds of related programs and activities. However, they contain far greater coherence and consistency relative to the congressional process and administration fiscal policy objectives than the purely analytically derived functions of the official budget classification system. The discussion and tables that follow are designed to facilitate a more comprehensive and lucid understanding of the domestic spending policy changes implemented thus far, and the further steps toward fiscal restraint proposed in the 1985 budget.

COMMERCIAL AND FINANCIAL PROGRAMS, ECONOMIC SUBSIDIES AND COMMUNITY ASSISTANCE

This component of the budget includes local fiscal subsidies (general revenue sharing), community development aid (EDA and CDBG), industrial sector support (maritime, energy, trade adjustment, export aid) and Federal commercial and financing activities (uranium enrichment and FDIC). The proposed savings represent a continuation of the administration's long-standing efforts to eliminate or sharply curtail unwarranted and largely ineffective economic subsidies.

The proposed savings amount to only 13% of the current services baseline over the 5 years, reflecting essentially two factors. First, the administration is committed to maintaining general revenue sharing and modest aid levels in the form of CDBG and UDAG to urban areas and smaller communities. It also has proposed to maintain energy funding but to shift priorities away from expensive commercialization projects toward research and development. Likewise, it has proposed to maintain minimum subsidy levels for SBA, the postal service, health professions training, Amtrak, the Export-Import Bank and the maritime industry (not displayed).

**COMMERCIAL AND FINANCIAL PROGRAMS, ECONOMIC SUBSIDIES AND COMMUNITY ASSISTANCE:
SUMMARY**

(Dollars in billions)

	1985	1986	1987	1988	1989	1985-89 total
Totals						
Current services.....	17.2	15.1	15.4	14.4	13.4	75.6
Proposed savings.....	-0.9	-1.6	-2.1	-2.6	-3.0	-10.2
Percent change.....	-5.4%	-10.6%	-13.8%	-17.8%	-22.5%	-13.5%
Major Program Changes						
Nuclear Energy Programs:						
Current services.....	1.1	1.2	1.2	1.0	1.0	5.5
Proposed savings.....	+ *	-0.1	-0.1	-0.1	-0.1	-0.5
Non-Nuclear Energy:						
Current services.....	1.7	1.8	1.9	2.2	2.4	10.0
Proposed savings.....	- *	-0.1	-0.2	-0.2	-0.2	-0.6
Community development block grant/ UDAG:						
Current services.....	4.4	4.0	4.0	4.0	4.1	20.6
Proposed savings.....	0.0	0.0	- *	-0.1	-0.2	-0.3
Economic Development Administration:						
Current services.....	0.4	0.3	0.3	0.4	0.3	1.7
Proposed savings.....	- *	-0.1	-0.2	-0.3	-0.3	-0.9
Appalachian development:						
Current services.....	0.2	0.2	0.2	0.2	0.2	1.0
Proposed savings.....	- *	-0.1	-0.1	-0.1	-0.2	-0.5
Section 202 housing loans:						
Current services.....	0.8	0.7	0.7	0.7	0.8	3.7
Proposed savings.....	0.0	0.0	-0.1	-0.2	-0.2	-0.4
Amtrak:						
Current services.....	0.8	0.8	0.9	0.9	0.9	4.2
Proposed savings.....	- *	-0.1	-0.2	-0.2	-0.2	-0.8
Export-Import bank:						
Current services.....	1.7	0.9	0.6	0.3	- *	3.5
Proposed savings.....	-0.1	-0.1	-0.1	-0.2	-0.2	-0.8
Postal subsidy:						
Current services.....	1.0	0.8	0.8	0.7	0.8	4.1
Proposed savings.....	-0.3	-0.4	-0.3	-0.3	-0.3	-1.6
Small Business Administration:						
Current services.....	0.7	0.8	0.8	0.8	0.9	4.0
Proposed savings.....	-0.2	-0.1	-0.2	-0.4	-0.4	-1.3
Health professions training:						
Current services.....	0.2	0.2	0.2	0.3	0.3	1.2
Proposed savings.....	- *	-0.1	-0.1	-0.1	-0.1	-0.5
All other: ¹						
Current services.....	4.2	3.4	3.8	2.9	1.7	16.1
Proposed savings.....	-0.2	-0.4	-0.5	-0.5	-0.6	-2.0

*\$50 million or less.

¹ Includes major financial institution accounts (FDIC, FSLIC) and housing revolving funds (FHA).

Second, and more importantly, the first three budget rounds have been enormously successful in eliminating entire programs (regional commissions and most of trade adjustment assistance) or in substantially reducing constant dollar funding levels (EDA, CDBG, UDAG). As a consequence, the constant dollar cost of this component of the enacted 1984 budget will have declined by 51% from its 1980 peak. If the additional savings proposed in the 1985 budget are adopted, constant dollar spending levels by 1989 will be 80% below the 1980 peak.

**CHANGE FROM PEAK FUNDING: COMMERCIAL AND FINANCIAL PROGRAMS, ECONOMIC SUBSIDIES
AND COMMUNITY AID**

(1985 constant dollar amounts in billions)

	Amount	Reduction from peak year
Totals:		
1980 peak	44.9	
1984 enacted	21.8	-51%
1985 proposed	16.3	-64
1989 proposed	8.9	-80
Nuclear and non-nuclear energy programs:		
1979 peak	4.8	
1984 enacted	2.9	-40
1985 proposed	2.8	-42
1989 proposed	2.6	-45
EDA, CDBG/UDAG/GRS/other community development programs:		
1978 peak	23.6	
1984 enacted	11.5	-51
1985 proposed	10.8	-54
1989 proposed	8.4	-65
Amtrack, railroad, airline and maritime subsidies:		
1981 peak	6.2	
1984 enacted	4.1	-35
1985 proposed	2.3	-63
1989 proposed	1.7	-73
Export-Import Bank, trade adjustment, health professions, disaster aid and flood insurance, SBA, postal service:		
1980 peak	10.6	
1984 enacted	3.7	-65
1985 proposed	3.1	-71
1989 proposed	0.7	-94

SOCIAL INSURANCE AND PENSIONS

In 1984, social insurance and pension programs will comprise 55% of all Federal non-DOD programmatic outlays. Under current services, this fraction would rise to 60% by 1989. Proposed savings in the 1985 budget total just \$35 billion, or 2% of the current services baseline over the period 1985-1989. These savings consist largely of civilian and military COLA delays and medicare savings previously proposed. The latter includes a phased-in increase of the Part B premium to 35% of program costs by 1990 and a temporary freeze on physician fee increases.

SOCIAL INSURANCE AND PENSIONS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Total						
Current services.....	305.8	329.1	354.8	381.2	409.3	1,780.3
Proposed savings.....	-2.1	-4.7	-6.8	-9.2	-11.9	-34.6
Percent change.....	-0.7%	-1.4%	-1.9%	-2.4%	-2.9%	-1.9%
Major programs						
Medicare:						
Current services.....	69.1	76.9	86.6	97.2	108.7	438.6
Proposed savings.....	-1.0	-2.1	-3.4	-5.1	-7.1	-18.8
Federal civilian retirement:						
Current services.....	23.6	25.5	27.4	29.3	31.1	136.9
Proposed savings.....	-0.4	-0.8	-1.0	-1.2	-1.4	-4.8
Pension Benefit Guarantee Corp.:						
Current services.....	-*	*	*	*	0.1	0.1
Proposed savings.....	-0.2	-0.2	-0.2	-0.2	-0.3	-1.0
Military retirement:						
Current services.....	17.6	18.9	20.1	21.4	22.6	100.7
Proposed savings.....	-0.3	-0.5	-0.5	-0.5	-0.6	-2.4
Unemployment insurance:						
Current services.....	18.3	17.7	17.0	15.5	14.9	83.3
Proposed changes.....	0.0	0.0	0.0	0.0	0.0	0.0
Social Security:						
Current services.....	188.3	201.8	216.4	231.3	246.2	1,083.9
Proposed changes.....	0.0	0.0	0.0	0.0	0.0	0.0
Black Lung:						
Current services.....	1.7	1.8	1.8	1.8	1.8	8.8
Proposed savings.....	-*	-*	-*	-*	-*	-0.1
Railroad retirement:						
Current services.....	6.4	6.5	6.7	6.9	7.1	33.7
Proposed savings.....	-*	-*	-*	-*	-*	-*

* \$50 million or less.

Note: Items do not add to total because of setting receipt accounts for military retirement and railroad retirement interchange and other small accounts are not displayed.

The modest proposals forwarded at this time reflect a number of considerations. First, major reforms in the direction of benefit restraint and solvency improvement were imposed on two of the major programs—social security and railroad retirement—during 1983. In combination, these reform bills will increase revenues or decrease outlays by \$132 billion over the 1984-1989 period. Since both of these reform undertakings represented carefully balanced bipartisan compromises, it would be inappropriate to re-open these issues at the present time.

Secondly, it should be noted that despite frequent assertions to the contrary, the social insurance budget has experienced substantial reform and fiscal restraint over the last 3 years. The table below compares actual and current law spending levels for 1982-1986 with the levels that would have occurred under the laws that existed prior to January, 1981. Over 1982-1986, these savings total \$84 billion. Due to already implemented reforms, social insurance costs will be 7% lower in 1985 and 1986 than under pre-1981 law.

SOCIAL INSURANCE BUDGET SAVINGS, 1982-1986

(Dollars in billions)

	1982	1983	1984	1985	1986	Total
Pre-1981 law.....	254.6	287.0	303.2	328.9	354.8	1,528.4
Actual/current services.....	248.9	276.8	283.8	305.8	329.1	1,444.4
Savings from prior law.....	-5.7	-10.1	-19.4	-23.1	-25.7	-83.9
Percent savings.....	-2.2%	-3.5%	-6.4%	-7.0%	-7.2%	-5.5%

As a consequence of reforms adopted since 1980, the rapid real cost expansion that occurred from 1966 through 1980 has largely abated. As is shown in the comparative 5-year intervals below, the constant dollar current services growth rate for 1985-1989 will be almost *one-fourth* the pace recorded during the late 1960's and first half of the 1970's. With the additional reforms proposed in the 1985 budget, the real growth rate would drop to 2.6%—well below the projected 4% real GNP growth rate for the period.

Thus, the outlook for the 1980's reflects significant success in bringing social insurance and pension cost growth within sustainable limits. Despite the temporary surge of unemployment insurance costs in 1982-83, the 1985 current services baseline stands 23% above its 1980 constant dollar level, reflecting growth of 4.2% per year. It is entirely possible that the additional medicare, Feder-

al retirement and indexing reforms that will be required after 1985, could reduce the remaining growth momentum of the social insurance budget to negligible rates by the end of the decade. This would permit the cost burden on the national economy to fall and forestall the need for significant additional boosts in the already high payroll tax rates that finance it.

COMPARATIVE SOCIAL INSURANCE AND PENSION GROWTH, 1966-1989

(1985 constant dollars in billions)

	1966	1967	1968	1969	1970	Average
Actual 1966-70:						
Amount.....	66.8	78.2	87.1	94.4	102.8	.....
Percent real growth.....	+12.7%	+17.1%	+11.4%	+8.4%	+8.9%	+11.7%
	1971	1972	1973	1974	1975	Average
Actual 1971-75:						
Amount.....	122.0	133.6	150.0	162.7	192.3	.....
Percent real growth.....	+18.7%	+9.5%	+12.3%	+8.4%	+18.2%	+13.3%
	1976	1977	1978	1979	1980	Average
Actual 1976-80:						
Amount.....	212.6	220.0	222.0	227.4	248.6	.....
Percent real growth.....	+10.6%	+2.8%	+0.1%	+2.4%	+9.3%	+5.0%
	1985	1986	1987	1988	1989	Average
Current services, 1985-89:						
Amount.....	305.8	314.7	325.3	336.1	348.1	.....
Percent real growth.....	+2.7%	+2.9%	+3.4%	+3.3%	+3.6%	+3.2%
1985 Budget, 1985-89:						
Amount.....	303.8	310.2	319.1	328.0	338.0	.....
Percent real growth.....	+2.3%	+2.1%	+2.9%	+2.8%	+3.1%	+2.6%

This remarkable de-acceleration in the cost growth of the social insurance programs reflects a 4-point bipartisan policy consensus that has emerged since 1977. The principles underlying this consensus include: 1) commitment to maintaining the basic structure of universal protections against the risks of unemployment, retirement, old age, sickness, and disability that emerged over the 4 decades prior to 1980; 2) recognition that benefit liberalizations, coverage expansions and ad hoc payment increases granted during the 1960-1970's had produced unsustainable growth momentum that had to be checked firmly; 3) rejection of massive general fund subsidies as a means of halting the deteriorating financial condition of the various social insurance trust funds in favor of "solven-

cy plans" that reinforced the essential social insurance character of these programs (i.e. mandatory savings via the payroll tax to generate adequate dedicated financing for the universal protections provided); and 4) a solvency reform formula based on an "all parties contribute" principle that has steadily reversed the massive funding shortfalls that emerged in the late 1970's and early 1980's.

The significant measure of success achieved thus far in both slowing the growth and repairing the solvency of the major social insurance programs is displayed in the table below. To be sure, the dedicated financing principle is not comprehensive among the entire range of programs here classified as social insurance. General fund subsidies cover 26% of the gross cost of medicare, temporary FSC benefits under UI are financed with general revenues, and the civil service retirement program is only partially funded by employer/employee contributions. Nevertheless, on an aggregate basis, dedicated financing is the overwhelming policy rule.

Between 1979 and 1983, the balance between current cash outlays and dedicated receipts steadily worsened under the combined pressure of recession-swollen outlays for unemployment insurance and the severe deterioration in the financial status of railroad retirement, OASDI, and the medicare program. The steady improvement projected under both current law and the 1985 budget for 1985-89 reflects the cumulative and growing effects of solvency reform and benefit restraint legislation adopted since 1977.

These legislative improvements began with the 1977 Social Security Act. This initial measure raised scheduled payroll taxes throughout the 1980's and also prospectively lowered the benefit replacement rate by 40% when fully effective in 1989 compared to prior law. The disability amendments of 1980 have likewise had a substantial effect on the trend growth rate of outlays in this part of the system. Between 1970 and 1979 real social security disability costs rose by 169%, while current services costs are now projected to *decline* by 8% in real terms between 1980 and 1989. Similarly, the 1981 Reconciliation Act amendments resulted in strong incentives for state actions to restrain UI benefits and improve solvency, as well as modest medicare and social security benefit cost savings. The 1982 TEFRA amendments will have a major cost restraining impact on medicare as prospective reimbursement takes hold. Finally, the 1983 bipartisan solvency bills on railroad retirement and social security have obviously resulted in major financial improvements in the status of these systems.

Taken together, these steps will nearly close the financing gap in the social insurance budget as a whole by 1989—with revenue coverage rising from 76 cents to 95 cents on each dollar of aggregate outlays. It is evident that the future solvency reform measures needed to arrest the continued deterioration of the medicare fund,

fully integrate Federal retirement with social security, and improve the functioning of indexing mechanisms can be expected to close most of the remaining gap.

SOCIAL INSURANCE AND PENSION BUDGET SOLVENCY TRENDS

(Dollars in billions)

	1979	1980	1981	1982	1983	1984
1979-1984 actual or enacted:						
Outlays	154.7	183.5	216.1	246.8	276.2	283.5
Receipts	138.9	157.8	182.7	201.5	209.0	239.5
Cash deficit	-15.8	-25.7	-33.4	-45.3	-67.3	-44.1
Receipts/outlays .....	.90	.86	.85	.82	.76	.84
	1985	1986	1987	1988	1989	
1985-1989 current services:						
Outlays	305.5	328.4	354.0	380.2	408.2	
Receipts	269.0	294.6	320.3	357.7	389.5	
Cash deficit	-36.5	-33.8	-33.7	-22.5	-18.6	
Receipts/outlays .....	.88	.90	.90	.94	.95	
Impact of 1985 Budget	+ 2.7	+ 6.8	+ 9.5	+ 12.5	+ 15.6	

LOW-INCOME BENEFIT PROGRAMS

This group includes all of the major means-tested entitlements such as food stamps, AFDC, SSI, medicaid, subsidized housing and child nutrition except veterans pensions. It also includes certain discretionary programs that provide means-tested cash or in-kind benefits, principally WIC, low-income energy assistance and refugee aid. Taken together these programs largely constitute the direct social safety net of cash and in-kind assistance available to the nation's low-income population.

The President's 1985 budget proposes only modest additional reforms including continuation of the 3% matching reduction in medicaid and mandatory co-payments to restrain excessive utilization; further steps to reduce overlap and erroneous payments in AFDC; minor cost-savings in the food stamp and child nutrition programs, and funding slightly below the current services rate for WIC, low-income energy aid, and subsidized housing.

LOW-INCOME BENEFIT PROGRAMS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services	68.3	72.0	76.3	81.1	84.8	382.5
Proposed savings	-2.8	-3.5	-3.8	-4.1	-4.4	-18.7
Percent change	-4%	-5%	-5%	-5%	-5%	-5%

LOW-INCOME BENEFIT PROGRAMS: SUMMARY—Continued

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Major program changes						
Medicaid:						
Current services.....	22.0	23.8	26.1	28.5	31.0	131.4
Proposed savings.....	-1.1	-1.1	-1.2	-1.2	-1.2	-5.7
Subsidized housing:						
Current services.....	10.7	11.4	12.1	12.7	13.3	60.2
Proposed savings.....	-0.2	-0.4	-0.5	-0.6	-0.8	-2.5
Food stamps:						
Current services.....	11.1	11.7	12.1	12.3	12.6	59.7
Proposed savings.....	-0.4	-0.4	-0.4	-0.3	-0.3	-1.8
Women, infants, children (WIC):						
Current services.....	1.5	1.5	1.6	1.6	1.7	7.9
Proposed savings.....	-0.2	-0.2	-0.2	-0.2	-0.2	-1.1
Child nutrition:						
Current services.....	3.8	4.1	4.4	4.7	5.0	21.9
Proposed savings.....	- *	-0.1	-0.2	-0.2	-0.3	-0.9
AFDC:						
Current services.....	6.8	7.0	7.1	7.1	7.3	35.3
Proposed savings.....	-0.8	-1.0	-1.1	-1.1	-1.1	-5.1
Low-income energy assistance:						
Current services.....	2.0	2.0	2.1	2.2	2.3	10.7
Proposed savings.....	-0.1	-0.2	-0.3	-0.3	-0.4	-1.3
All other low-income:*						
Current services.....	10.4	10.5	10.8	12.0	11.6	55.4
Proposed savings.....	- *	-0.1	-0.1	-0.2	-0.1	-0.3

* Principal programs include SSI, food donations and commodity distribution, and earned income tax credit.

Over the past three budget rounds, one of the most intractable budget and social policy issues facing the Nation in 1980 has largely been resolved. The essential dilemma was the competing requirements to slow drastically the 1970's runaway growth momentum of low-income benefits programs and, at the same time, to maintain an adequate social safety net to support the income needs of the Nation's poor. The latter requirement applied both to periods of special circumstances, such as the 1982-83 recession, and to ordinary economic times in the case of those who cannot support themselves through no fault of their own. That both of these objectives have been accomplished is perhaps best illustrated by the constant dollar funding trend over the past 15 years. After more than tripling in real terms between 1970 and 1981, low-income benefit costs will remain constant between the pre-recession, prior law level (1981) and the post-recession current law level. Stated differently, the unsustainable real growth rates of the 1970's have been brought to an abrupt halt, but the network of in-kind and cash support evolved during that period has not been reduced in real terms—just better targeted to genuine need.

LOW-INCOME BENEFIT OUTLAYS

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1970
1970.....	20.8	.....
1981.....	68.0	+ 228%
1985 current services.....	68.3	+ 229

This stabilization of real program costs is attributable to the carefully targeted reforms proposed by the administration and enacted in substantial measure by the Congress over the past 3 years. The table below compares the estimated cost of pre-1981 law with actual and current services outlays for 1982-86. The cumulative reduction of \$38 billion in nominal outlays over the period has been sufficient to halt real program growth as indicated above, yet maintain a spending level that in 1984 will amount to nearly \$2,000 per capita relative to the officially defined poverty population in the U.S.

LOW-INCOME BENEFIT PROGRAM SAVINGS ENACTED: 1982-1986

(Dollars in billions)

	1982	1983	1984	1985	1986	Total
Pre-1981 Law	62.7	70.2	71.4	76.1	81.4	361.7
Actual/current services	56.6	63.2	63.7	68.3	72.0	323.8
Enacted savings.....	-6.1	-7.0	-7.7	-7.8	-9.4	-37.9
Percent change.....	-10%	-10%	-11%	-10%	-12%	-10%

It has been frequently asserted that these reforms resulted in a significant abandonment of Federal financial responsibility to the poor—especially during the difficult economic times of 1982-83. As is shown in the table below, the truth is more nearly the opposite. Relative to nearly comparable economic conditions in 1975-76 and less severe recession conditions in 1971-72, constant dollar availability of cash and in-kind support for the Nation's poor in 1982-83 was 35% and 110% greater, respectively, despite the reform measures enacted during this period.

MAJOR LOW-INCOME BENEFIT PROGRAMS

(Average annual constant (1985) dollar outlays)

	1971-72	1975-76	1982-83
Cash assistance.....	13.8	18.5	20.1
Housing aid.....	2.2	4.2	9.6
Medical	9.3	13.7	19.3
Nutrition.....	6.5	13.1	17.9
Total.....	31.8	49.4	66.8

Under the President's proposed 1985 budget, the new equilibrium attained during 1981-84 would be maintained through the remainder of the decade. In aggregate real terms, the social safety net of low-income benefit programs would neither expand nor contract. The focus would be on sustaining economic growth to reduce the level of need, medical cost containment to ensure adequate assistance to the poor and elderly at minimum budget cost, and marginal program reforms elsewhere to improve targeting and eliminate remaining abuses of these programs. As shown in the table below, after a 30-year period in which the assistance needs of the Nation's poor were increasingly recognized and a variety of rapidly expanding in-kind and cash benefit programs were put in place to meet these needs, a stable policy and budget framework has now been achieved. The task of Federal policy can henceforth shift from the question of budget resource adequacy to the improvement of program structures in order to eliminate inequities, program overlaps and gaps, and the detrimental social impact of the disincentives to self-support and work effort remaining in many individual programs.

GROWTH AND STABILIZATION OF FEDERAL LOW-INCOME BENEFIT PROGRAMS, 1954-1989

(1985 constant dollar amounts in billions)

	Ending level	Average annual real growth over period
1954-1964.....	10.4	5.3%
1964-1974.....	39.8	14.4
1974-1984.....	66.8	5.2
1984-1989 proposed.....	68.4	0.5

EDUCATION, TRAINING, HEALTH, AND SOCIAL SERVICES

This category includes the whole array of Federal human services support programs that have evolved since the early 1960's. In constant dollars, these programs grew from \$5 billion in 1962 to \$46 billion by 1979. The significant fiscal retrenchment achieved in these programs since 1980 would be reinforced by modest additional savings in the 1985 budget.

EDUCATION, TRAINING, HEALTH AND SOCIAL SERVICES: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	30.8	32.0	33.0	34.1	35.1	164.9
Proposed savings.....	-1.8	-3.1	-4.2	-5.1	-6.0	-20.2
Percent change.....	-5.8%	-9.8%	-12.7%	-15.0%	-17.0%	-12.2%
Major program changes						
Impact aid:						
Current services.....	0.6	0.7	0.7	0.7	0.7	3.4
Proposed savings.....	-0.1	-0.1	-0.1	-0.2	-0.2	-0.7
Compensatory education:						
Current services.....	3.4	3.6	3.8	4.0	4.1	19.0
Proposed savings.....	-*	-0.2	-0.3	-0.5	-0.6	-1.5
Handicapped education:						
Current services.....	1.2	1.3	1.4	1.4	1.5	6.7
Proposed savings.....	-*	-0.1	-0.1	-0.2	-0.2	-0.6
Vocational and adult:						
Current services.....	0.9	0.9	0.9	0.9	1.0	4.6
Proposed savings.....	-*	-*	-0.1	-0.1	-0.1	-0.4
State education block grant:						
Current services.....	0.4	0.5	0.5	0.5	0.5	2.5
Proposed increases.....	+0.1	+0.2	+0.2	+0.2	+0.2	+0.9
Student assistance:						
Current services.....	4.0	4.2	4.4	4.6	4.7	21.9
Proposed savings.....	-0.1	-0.5	-0.7	-0.8	-0.9	-3.0
Guaranteed student loans:						
Current services.....	2.9	3.1	3.0	2.8	2.7	14.4
Proposed savings.....	-0.2	-0.2	-0.2	-0.2	-0.3	-1.1
State employment and training grants:						
Current services.....	2.9	2.9	3.0	3.2	3.2	15.2
Proposed savings.....	-0.1	-0.2	-0.3	-0.4	-0.5	-1.5
Work incentives program:						
Current services.....	0.3	0.3	0.3	0.3	0.3	1.5
Proposed savings.....	-0.2	-0.3	-0.3	-0.3	-0.3	-1.5
Rehabilitation services:						
Current services.....	1.2	1.2	1.3	1.3	1.4	6.4
Proposed savings.....	-0.1	-0.1	-0.2	-0.2	-0.2	-0.8
Indian health services:						
Current services.....	0.9	0.9	1.0	1.0	1.1	4.8
Proposed savings.....	-0.1	-0.1	-0.2	-0.2	-0.2	-0.7
Community services block grant:						
Current services.....	0.4	0.4	0.4	0.4	0.4	2.0
Proposed savings.....	-0.2	-0.4	-0.4	-0.4	-0.4	-1.9
Legal Services Corporation:						
Current services.....	0.3	0.3	0.3	0.3	0.3	1.6
Proposed savings.....	-0.3	-0.3	-0.3	-0.3	-0.3	-1.6
All other programs: ¹						
Current services.....	11.4	11.7	12.0	12.7	13.2	60.9
Proposed savings.....	-0.3	-0.8	-1.2	-1.5	-2.0	-5.8

* \$50 million or less.

¹ Major programs include bilingual and Indian education, higher and continuing education, jobs corps, older Americans employment, Federal State employment service grants, social services block grant, Head start, Older Americans Act grants, child welfare and foster care, primary care, maternal and child health grants, preventive health block grant, ADAMHA block grant and Action.

With the exception of 4 significant programs, savings proposed in this category consist largely of restraining nominal funding growth to slightly below the current services level after 1985 and continued retrenchment of small special project discretionary authorities associated with many of the major state and local grant programs (e.g. disadvantaged and handicapped education, the Jobs Partnership and Training Act, rehabilitation services, etc.).

The four exceptions—student aid and higher education, community services block grant, the Legal Services Corporation and WIN—account for 50% of the savings from current services proposed in this category. The administration continues to believe that student aid levels are excessive and that the latter three programs should be terminated. As shown in the table below, programs other than these four would be funded at about 92% of the current services level over the next 5 years.

**COMPARISON OF EDUCATION, TRAINING, HEALTH AND SOCIAL SERVICES FUNCTION BETWEEN
DEEP-CUT PROGRAMS AND NEAR-CURRENT SERVICES PROGRAMS**

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Continued reform: Student aid and higher education, LSC, CSBG, and WIN:						
Current services	8.4	8.8	8.9	9.0	9.1	44.2
Proposed savings	-1.1	-1.9	-2.1	-2.4	-2.6	-10.0
Percent change	-13%	-21%	-24%	-26%	-28%	-23%
Near current services: All other education, training, health and social service programs:						
Current services	22.4	23.2	24.1	25.0	26.0	120.7
Proposed savings	-0.7	-1.3	-2.1	-2.7	-3.4	-10.2
Percent change	-3%	-6%	-9%	-11%	-13%	-8%

The relatively mild degree of additional restraint proposed in the 1985 budget for this category reflects the fact that the original reform goals proposed by the administration in 1981 have been substantially achieved. Dozens of funding authorities for education, training, health, and social services grants have been consolidated into six block grants. Wasteful programs like public service jobs (CETA) have been eliminated entirely. Due to these economies and reforms, constant dollar funding levels have been substantially reduced without significant reduction in local service levels or responsiveness to genuine need. Most importantly, the runaway growth momentum exhibited by these programs in the late 1970's has been stopped and reversed.

As displayed in the table below, the programs in this category grew at unsustainable rates throughout the 1970's—rising by 5.3% per year in real terms during 1970-1974 and 9.3% between 1975-1979.

By contrast, since the constant dollar peak in 1979, substantial contraction has occurred in this sector of the budget—averaging 7.3% per year. The current services budget for 1985-89 would continue to contract slightly reflecting the declining real trends in GSL costs. The 1985 budget plan proposes to essentially continue the rate of contraction begun during the Carter administration and accelerated in 1982. By 1989, constant dollar funding would be returned to its 1970 level.

TRENDS IN EDUCATION: TRAINING, HEALTH, AND SOCIAL SERVICE PROGRAMS

(1985 constant dollar amounts in billions)

	1970	1971	1972	1973	1974	Average
1970-74 actual:						
Amount.....	24.1	26.6	32.5	32.3	29.1	.....
Annual real growth.....	+7.6%	+10.3%	+22.1%	-0.6%	-9.9%	+5.3%
	1975	1976	1977	1978	1979	Average
1975-79 actual:						
Amount.....	34.4	38.0	39.2	45.2	46.4	.....
Annual real growth.....	+18.3%	+10.5%	+2.6%	+15.2%	+2.7%	+9.3%
	1980	1981	1982	1983	1984	Average
1980-84 actual:						
Amount.....	44.7	41.6	32.5	30.9	31.8	.....
Annual real growth.....	-3.7%	-6.8%	-21.8%	-5.0%	+2.8%	-7.3%
	1985	1986	1987	1988	1989	Average
1985-89 current services:						
Amount.....	30.8	30.6	30.2	30.0	29.8	.....
Annual real growth.....	-3.5%	-0.6%	-1.1%	-0.7%	-0.6%	-1.3%
1985-89 President's budget:						
Amount.....	29.0	27.6	26.4	25.5	24.8	.....
Annual real growth.....	-8.9%	-4.8%	-4.3%	-3.3%	-3.0%	-4.9%

An analysis of the distribution of the constant dollar funding decline, from mid-1970's peak levels, demonstrates that it has been accomplished in a way consistent with national needs, the proper fiscal roles of Federal, State, and local governments, and the results of program evaluations undertaken over the years. Public service employment and the CETA program have been cut the most, reflecting their general ineffectiveness over a decade in which nearly \$54 billion was spent. The case is similar for the original Great Society community action type programs that produced little lasting betterment.

Elementary and secondary education funding has been contracted about 19% thus far, as is consistent with the original administration consolidation and reduced funding proposal. A further re-

duction to 28% is warranted in light of the relative fiscal positions of the Federal Government vs. State and local governments projected for the remainder of the decade.

Health, mental health, and social services programs, in which a large share of budget dollars are absorbed by vendors and middle-income professionals, have also been reduced by 20-40% thus far—with further contraction proposed for the future. The one exception to this pattern of contraction is higher education and student aid: the degree of reduction through 1984 is still far less than is consistent with the merits of funding largely middle income students and the sharp fiscal constraints operative on the budget as a whole.

CHANGE FROM PEAK FUNDING: EDUCATION, TRAINING, HEALTH, AND SOCIAL SERVICES

(1985 constant dollar amounts in billions)

	Amount	Reduction from peak year
Total:		
1979 peak	46.4	
1984 enacted	31.9	-31%
1985 proposed	29.0	-38
1989 proposed	24.8	-47
Public employment and job training services:		
1978 peak	17.0	
1984 enacted	5.3	-69
1985 proposed	4.8	-72
1989 proposed	4.2	-75
Original Great Society: community action, LSC, juvenile justice, Action:		
1973 peak	3.4	
1984 enacted	1.4	-60
1985 proposed	0.7	-80
1989 proposed	0.5	-86
Elementary and secondary education:		
1980 peak	9.0	
1984 enacted	7.3	-19
1985 proposed	7.1	-21
1989 proposed	6.4	-29
Social services block grant, foster care, Head Start, rehabilitation, elderly programs, and other social services:		
1979 peak	8.6	
1984 enacted	6.8	-20
1985 proposed	6.4	-25
1989 proposed	5.6	-35
Health and mental health services:		
1976 peak	4.8	
1984 enacted	3.0	-37
1985 proposed	2.8	-41
1989 proposed	2.6	-47
Higher education and student aid:		
1981 peak	8.3	
1984 enacted	8.1	-3
1985 proposed	7.1	-14
1989 proposed	5.6	-33

AGRICULTURAL AND RURAL PROGRAMS

These programs consist of three main types designed to assist the agricultural economy and rural communities: 1) the price support and subsidy payment operations of the Commodity Credit Corporation (CCC); 2) various agricultural sector subsidy and service programs such as soil conservation activities and the extension service; and 3) subsidized rural housing, development and farm credit programs operated by the Farmers Home Administration. No progress has been made in reducing the budget cost of this function since 1981. The administration is therefore proposing substantial savings and reforms in the 1985 budget, and will propose even greater retrenchment in future years.

AGRICULTURAL AND RURAL PROGRAMS: SUMMARY

(Dollar amounts in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	17.5	17.6	17.4	16.8	16.4	85.8
Proposed savings.....	— *	—2.2	—2.1	—2.1	—2.2	—8.6
Percent change.....	**	—12%	—13%	—12%	—13%	—10%
Major programs						
Farm price supports (CCC):						
Current services.....	10.7	10.4	10.1	9.4	9.0	49.6
Proposed changes.....	+0.1	—1.8	—1.5	—1.3	—1.2	—5.7
Soil and water conservation subsidies:						
Current services.....	0.7	0.7	0.7	0.7	0.8	3.6
Proposed savings.....	—0.1	—0.2	—0.2	—0.2	—0.2	—0.9
Rural housing and development:						
Current services.....	2.8	3.1	3.1	3.1	3.1	15.1
Proposed changes.....	+0.1	—0.1	—0.1	—0.2	—0.3	—0.6
Subsidized Farm Credit:						
Current services.....	1.4	1.3	1.2	1.2	1.1	6.1
Proposed changes.....	— *	— *	— *	— *	— *	— *
Agricultural research:						
Current services.....	0.8	0.8	0.9	0.9	1.0	4.4
Proposed savings.....	— *	—0.1	—0.1	—0.1	—0.1	—0.4
Extension service:						
Current services.....	0.3	0.4	0.4	0.4	0.4	1.9
Proposed savings.....	— *	—0.1	—0.1	—0.1	—0.1	—0.4
All other: ¹						
Current services.....	0.9	1.0	1.1	1.1	1.2	5.1
Proposed savings.....	—0.1	—0.1	—0.1	—0.1	—0.1	—0.5

* \$50 million or less.

** 0.5% or less.

¹ Includes inspection and marketing services, foreign agricultural and statistical services, Federal crop insurance, and animal and plant health programs.

This part of the non-DOD budget is the singular case in which a substantial *increase* in constant dollar budget costs has occurred

over the past 3 years. To a substantial degree, this outcome was driven by the depressed state of the farm economy and the excessively costly and counter-productive farm bill enacted in 1981. While CCC costs have been historically volatile in response to cyclical swings in farm prices, production and incomes, the table below makes clear that actual and current services constant dollar costs over 1982-86 will exceed all 5-year periods since the early 1960's by large magnitudes.

AGRICULTURE AND RURAL PROGRAMS, 1962-1986

(1985 constant dollar amounts in billions)

	Average annual outlays			Percent increase in 1982-86 average compared to
	Price supports (CCC)	All other	Total	
1962-1966	9.4	2.9	12.3	+56%
1967-1971	10.0	2.6	12.6	+53
1972-1976	4.9	2.8	7.7	+149
1977-1981	6.1	4.7	10.7	+80
1982-1986 ¹	12.3	7.0	19.3	.....

¹ Current services level for 1984-86.

The President's 1985 budget seeks a steady unwinding of these historically high budget levels during the remainder of the 1980's. In the case of farm price support-CCC costs, the proposed target price freeze for the major commodity programs and the assumption that the dairy price support will be reduced to \$11.50/hundred weight under the existing program and then frozen at that level through the remainder of the decade, results in constant dollar outlays dropping to the \$6 billion-\$7 billion range by the end of the budget period. Nevertheless, the proposed CCC-farm price support budget even with these reforms averages \$8.1 billion per year in constant dollars over 1985-89. It is, therefore, imperative that when the current farm program expires in 1985, additional substantial retrenchment of price-support, target price and subsidy levels be enacted in order to bring the farm programs within acceptable budget levels.

The 1985 budget also proposes to steadily reduce budget costs for conservation, rural housing and development, and USDA services relative to the peak constant dollar costs generated during earlier years. In combination with a lower-cost, market-oriented 1985 bill, these steps should make it possible to reduce total agriculture and rural program constant dollar costs to \$10 billion per year or less by the late 1980's. In real terms, this is a level consistent with pre-1981 costs and only about half the bloated levels experienced during 1982-1986.

CHANGE FROM PEAK FUNDING: AGRICULTURE AND RURAL PROGRAMS EXCLUDING PRICE SUPPORTS

(1985 constant dollar amounts in millions)

	Amount	Percent reduction from peak
Soil and water conservation subsidies:		
1962 peak.....	1,192	
1981.....	730	-39%
1984 enacted.....	665	-44
1985 proposed.....	572	-52
1989 proposed.....	458	-62
Subsidized farm credit: ¹		
1982 peak.....	1,563	
1984 enacted.....	1,533	-2
1985 proposed.....	1,367	-13
1989 proposed.....	899	-42
Rural housing and development:		
1974 peak.....	3,133	
1984 enacted.....	3,084	-2
1985 proposed.....	2,874	-8
1989 proposed.....	2,353	-25
USDA research, extension, animal and plant health and other support services:		
1979 peak.....	1,811	
1984 enacted.....	1,677	-7
1985 proposed.....	1,537	-15
1989 proposed.....	1,431	-21

¹ On budget outlays only.

PUBLIC INFRASTRUCTURE

This category includes the water resources and navigation programs, highways, airways, mass transit, and the sewage treatment grant program. Considerable progress has been achieved over the past three budget rounds in strengthening Federal policy within the historically accumulated range of national funding responsibilities. The Federal financial role in purely local sewer systems and mass transit funding has been reduced. The long-term decline in inefficient Federal navigation and water project investment has been accelerated. And more adequate user tax levels to meet clear national responsibilities for the Nation's highway and airway/airport systems have been enacted. The President's 1985 budget would continue these trends by proposing more adequate user fees for inland navigation and deep ports, further reductions in excessive Federal funding for local mass transit, and implementation of the highway and airways/airports improvement programs as envisioned in the 1982 user tax legislation in these areas.

After three budget rounds, it is evident that a decisive sorting out has occurred among traditional Federal infrastructure investment roles. In the case of that portion of the Nation's public infrastructure that is truly national in scope and integrated in function, the Federal funding role has been strengthened with increased user fees and program levels commensurate with demon-

PUBLIC INFRASTRUCTURE: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	28.8	29.8	30.8	31.4	32.2	153.0
Proposed savings.....	-0.6	-0.2	-0.3	-0.6	-0.9	-2.5
Percent change.....	-2%	-1%	-1%	-2%	-3%	-2%
Major programs						
Water projects and navigation: ¹						
Current services.....	4.1	4.1	4.2	4.5	4.7	21.6
Proposed changes.....	-0.3	-0.2	-0.1	-*	+0.1	-0.6
Highway trust fund and other: ²						
Current services.....	13.4	14.0	14.6	14.8	15.0	71.8
Proposed savings.....	-0.1	-0.1	-0.2	-0.3	-0.3	-0.9
Local mass transit:						
Current services.....	4.2	4.6	4.7	4.6	4.6	22.7
Proposed savings.....	-0.2	-0.3	-0.5	-0.6	-0.8	-2.5
Airport grants:						
Current services.....	0.8	0.8	0.9	0.9	0.9	4.3
Proposed changes.....	+	+0.1	+0.1	+0.1	+0.1	+0.4
FAA airway modernization: ³						
Current services.....	0.8	0.9	1.0	1.0	1.1	4.7
Proposed increases.....	+0.1	+0.3	+0.5	+0.6	+0.5	+2.0
FAA operations and other:						
Current services.....	3.0	3.0	3.2	3.3	3.5	15.9
Proposed changes.....	-0.2	+0.1	-*	-0.1	-0.2	-0.4

* \$50 million or less.

¹ Army Corps of Engineers, Bureau of Reclamation, and USDA small watershed projects.² Includes small programs such as highway safety demonstrations funded from general revenues.³ Includes facilities and equipment fund and research and engineering.

strated investment needs. As shown in the table below, average constant dollar financing for highways in the President's proposed 1985 budget will be increased above the 1960's levels, thereby reversing the "crowding out" that occurred during the 1970's due to declining trust fund receipts and other domestic spending priorities. Likewise, constant dollar funding for the airports and airway systems will exceed all previous levels, reflecting the growing importance of this segment of the Nation's transportation system. Consequently, real funding levels for both programs combined in the 1985-89 budget will exceed that for all 5-year intervals since 1960—but without adding to the deficit due to the 1982 legislative enactment of sound user tax financing programs.

By contrast, constant dollar funding levels for primarily local infrastructure needs have been substantially curtailed after three budget rounds. For example, real outlays for local mass transit exploded during the 1970's—rising from a mere \$0.3 billion in 1970 to \$4.8 billion by 1981. Under the out-going Carter administration budget plan, local mass transit outlays would have risen further to

SPENDING TRENDS: MAINLY NATIONAL PUBLIC INFRASTRUCTURE PROGRAMS

(In billions of 1985 constant dollars)

	Average over period		
	Highways	Airports/ airways	Total
1962-1966.....	11.3	2.4	13.8
1967-1971.....	12.0	3.0	14.9
1972-1976.....	10.8	3.9	14.7
1977-1981.....	11.1	4.1	15.1
1985-1989 proposed.....	13.0	4.9	18.0

\$5.2 billion in real terms in 1984. By contrast, 1984 enacted mass transit funding will total \$4.1 billion—a 21% reduction from the previously projected level.

Likewise, real funding levels for local sewage treatment plants would have remained above \$4.6 billion per year by 1984 under the outgoing Carter administration budget. Due to the cost sharing and eligibility reforms instituted in 1981 at the administration's behest, 1984 outlays will be \$2.6 billion—or 44% lower in real terms.

As shown in the table below, all categories of local and regional public infrastructure investment will have been reduced substantially in the enacted 1984 budget from their historic peak levels. Under the administration's proposed budget for 1985-89, this contraction of inappropriate Federal funding will continue.

CHANGE FROM PEAK FUNDING: LOCAL AND REGIONAL PUBLIC INFRASTRUCTURE INVESTMENT

(1985 constant dollar amounts in billions)

	Amount	Percent change from peak
Local water projects and regional navigation:		
1980 peak.....	5.7	
1984 enacted.....	4.4	-22%
1985 proposed.....	3.8	-32
1989 proposed.....	4.0	-28
Local mass transit:		
1981 peak.....	4.8	
1984 enacted.....	4.1	-14
1985 proposed.....	4.0	-17
1989 proposed.....	3.2	-32
Local sewage treatment grants:		
1977 peak.....	6.0	
1984 enacted.....	2.6	-56
1985 proposed.....	2.5	-58
1989 proposed.....	1.8	-70

As a consequence of these divergent budget trends, overall constant dollar funding levels for public infrastructure will decline moderately from the peak level of 1980 through the proposed level for 1989. However, by 1989, fully two-thirds of total funding will be

devoted to highways and airports/airways, while funding for largely local and regional investments will decline from 49% of the budget in 1980 to 34% in 1989.

**SHIFT OF PUBLIC INFRASTRUCTURE BUDGET PRIORITIES TO MAINLY NATIONAL PUBLIC
INFRASTRUCTURE NEEDS**

(1985 constant dollar amounts in billions)

	1981 actual	1984 enacted	1989 proposed
Infrastructure outlays	29.8	27.5	26.6
Distribution of funding:			
National highways/airways	51%	59%	66%
Primary regional and local programs	49%	41%	34%

VETERANS PROGRAMS

The President's 1985 budget for veterans programs, ranging from disability compensation and pensions to the health care system, housing guarantee program, life insurance plans, and GI education benefits, is largely a current services budget. This reflects the administration's continuing commitment to fulfill the obligations and promises made to America's veterans over many decades. In two cases—GI bill benefits and hospital construction—modest increases to the current services level are proposed. In the former case, a 15% increase in education readjustment benefit levels is requested because no increase has been granted since 1980—despite a 20% increase in the cost-of-living and even greater rises in tuition costs at most qualifying institutions. The increase for hospital construction reflects the out-year construction costs of 4 major design projects proposed for 1985—the largest number of new starts in recent times. While budget resources are self-evidently scarce in the current fiscal environment, the growing number of veterans eligible for health care services and the serious obsolescence and disrepair of many facilities makes these planned increases unavoidable given prevailing policy commitments to the veterans population.

In 1985 veterans programs will cost \$26 billion and account for nearly 18% of domestic current services outlays outside of low-income benefits and social insurance. The proposed current services funding level for 1985-89 therefore obviously limits overall budget savings potential. Nevertheless, it has been possible to achieve some savings in veterans programs since 1981. The actual and current services funding level for 1982-1986 is about \$5 billion or 4% below the level proposed in the outgoing Carter administration budget.

VETERANS PROGRAMS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	\$26.1	27.0	28.3	29.8	30.8	142.0
Proposed increase.....	-0.1	+0.5	+0.6	+0.8	+0.8	+2.6
Percent change.....	-**	+2%	+2%	+3%	+3%	+2%
Major Programs						
Pensions and disability compensation:						
Current services.....	14.3	14.8	15.4	16.0	16.5	77.0
Proposed change.....	0.0	0.0	0.0	0.0	0.0	0.0
Readjustment benefits (education):						
Current services.....	1.6	1.2	1.1	1.0	0.9	5.6
Proposed increase.....	-*	+0.2	+0.1	+0.1	+0.1	+0.5
Medical care system operations:						
Current services.....	8.8	9.4	10.1	10.9	11.6	50.8
Proposed change.....	-0.1	+	+	+	+	-*
Hospital construction:						
Current services.....	0.6	0.7	0.7	0.7	0.7	3.4
Proposed increase.....	+	+0.3	+0.4	+0.6	+0.7	+2.0
Other veterans programs: ¹						
Current services.....	0.7	0.9	1.1	1.3	1.2	5.2
Proposed change.....	+	+	+	+	+	+0.1

* \$50 million or less.

** 0.5% or less.

¹ Offsetting receipts for readjustment benefits as well as outlays for medical research, housing funds, and life insurance.

Despite these relatively modest savings, it is also important to note that the real cost of meeting the Nation's veterans commitments has declined significantly since the mid-1970's, and will continue to remain stable in constant dollar terms throughout the 1980's—even with the small increases in GI benefits and the hospital construction rise proposed in the 1985 budget.

VETERANS SAVINGS: 1982-1986

(In billions of dollars)

	1982	1983	1984	1985	1986	Total
Pre-Reagan baseline ¹	23.4	24.9	26.1	28.0	28.7	131.1
Change to actual or current services.....	-0.1	-0.7	-1.0	-2.0	-1.6	-5.4

* \$50 million or less.

¹ Pre-Reagan veterans entitlement law repriced for actual and projected economic assumptions.

The reason for this declining real cost trend is that the major veterans benefit programs—primarily pensions, disability compensation, and readjustment benefits—reached a peak constant dollar cost of \$24.5 billion in 1976 and have subsequently declined to \$16.4 billion in the enacted 1984 budget. This drop is mainly accounted

for by the steady phase-out of Vietnam-era GI bill eligibility and costs, with smaller declines attributable to pension program reforms and declining caseloads since the 1970's. Disability compensation costs reached a \$10 billion per year constant dollar cost later—in 1981—but are projected to remain stable at this level through the remainder of the decade.

By contrast, the constant dollar cost of health care operations and hospital construction has increased from \$7.0 billion in 1976 to \$9.1 billion in 1984—or by nearly 30%. Under the administration's 1985 budget, constant dollar costs for these activities will rise further to a level of \$11.0 billion by 1989.

Nevertheless, the actual and projected decline in veterans entitlement costs is more than sufficient to offset the rising cost of the medical care system. As a consequence, 1984 total veterans cost will be down 19% in real terms from the 1976 peak, and will remain essentially frozen at that level through 1989.

The table also makes clear that if overall veterans budget costs are to be reduced in future years a thorough reappraisal of veterans health care system policy, hospital capacity, and operational methods will be necessary. These issues will be subject to intensive scrutiny by the administration in preparation for the 1986 budget.

TRENDS IN VETERANS PROGRAM COSTS: 1976-1989

(1985 constant dollar amounts in billions)

Year	Amount	Percent change from 1976
Total: ¹		
1976.....	32.3	
1984 enacted.....	26.3	-19%
1985 proposed.....	26.0	-19
1989 proposed.....	26.9	-17
GI Bill benefits (readjustment): ²		
1976.....	10.0	
1984 enacted.....	1.5	-85
1985 proposed.....	1.3	-87
1989 proposed.....	0.6	-94
Pensions, disability compensation, and other entitlements:		
1976.....	14.8	
1984 enacted.....	14.8	
1985 proposed.....	14.5	-2
1989 proposed.....	14.2	-4
Health care system operations:		
1976.....	6.7	
1984 enacted.....	8.5	+28
1985 proposed.....	8.7	+30
1989 proposed.....	9.9	+48
Hospital construction:		
1976.....	0.4	
1984 enacted.....	0.6	+71
1985 proposed.....	0.7	+90
1989 proposed.....	1.2	+236

¹ Small net outlays for housing, life insurance, and medical research not displayed in detail.

² Net outlays after offsetting receipts from contributions.

GENERAL GOVERNMENT

This category includes all remaining components of the non-DOD budget except for net interest and the defense and international affairs related programs classified as "national interest programs" and discussed below. While it is necessarily a catch-all classification, there are nevertheless a half-dozen clusters of programs and activities that accord with well settled Federal responsibilities or the inherent overhead costs of operating a large central government. These clusters include: 1) regulation of commerce and health and safety; 2) Federal law enforcement agencies, including their border control activities; 3) Federally-supported scientific and medical research and cultural subventions; 4) management of the public domain and offsetting receipts from the sale of minerals and other natural resources; 5) central functions such as tax collection, the weather service, statistical agencies, and the patent office; and 6) the administrative costs of Federal entitlement programs and departmental salary and expenses and other overhead costs not allocated to specific, direct Federal activities.

The 1985 budget proposes funding levels consistent with well-established administration priorities. Funding for law enforcement and scientific research is increased above the current services level. In almost all other cases, continued firm fiscal restraint is proposed, with aggregate savings amounting to over \$10 billion during the 5-year budget period.

Due to the inclusion of large, volatile offsetting receipt accounts for OCS sales, on-shore mineral and resource proceeds and certain

GENERAL GOVERNMENT: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services.....	26.5	23.8	24.8	26.8	26.8	128.6
Proposed savings.....	-0.7	-1.5	-2.2	-2.8	-3.2	-10.5
Percent change.....	-3%	-6%	-9%	-10%	-12%	-8%
Major programs						
Regulatory agencies ¹ :						
Current services.....	4.5	4.7	4.9	5.0	5.2	24.4
Proposed savings.....	+0.1	-*	-0.1	-0.2	-0.2	-0.4
Law enforcement ² :						
Current services.....	5.7	5.9	6.2	6.6	6.9	31.4
Proposed increases.....	+0.1	+0.1	+0.2	+0.2	+0.2	+0.8
Management of the public domain ³ :						
Current services.....	-5.5	-9.4	-9.6	-8.8	-9.9	-43.3
Proposed savings.....	-0.3	-0.4	-0.6	-0.7	-0.8	-2.7
NSF and energy science:						
Current services.....	2.0	2.1	2.1	2.2	2.3	10.8
Proposed increases.....	+0.1	+0.2	+0.2	+0.3	+0.3	+1.1

GENERAL GOVERNMENT: SUMMARY—Continued

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Cultural and education support ⁴ :						
Current services	1.1	1.1	1.2	1.2	1.3	5.8
Proposed savings	— *	—0.1	—0.2	—0.3	—0.3	—1.0
National Institutes of Health ⁵ :						
Current services	5.2	5.4	5.7	6.0	6.2	28.5
Proposed savings	—0.2	—0.3	—0.4	—0.6	—0.7	—2.2
NOAA:						
Current services	1.1	1.2	1.2	1.3	1.3	6.1
Proposed savings	—0.1	—0.2	—0.2	—0.2	—0.2	—1.1
Internal Revenue Service, BGFO and related:						
Current services	4.0	4.1	4.4	4.7	4.9	22.0
Proposed increases	+0.1	+ *	+ *	— *	+ *	+0.1
Payment to D.C.:						
Current services	0.6	0.6	0.6	0.6	0.6	2.9
Proposed savings	—0.1	—0.1	—0.1	—0.1	—0.1	—0.6
Major department central overhead ⁶ :						
Current services	3.3	3.4	3.4	3.7	3.8	17.6
Proposed savings	—0.2	—0.2	—0.3	—0.3	—0.3	—1.3
Social insurance administrative costs ⁷ :						
Current services	5.9	6.1	6.4	6.6	6.8	31.7
Proposed savings	—0.1	—0.1	—0.2	—0.3	—0.3	—1.0
Low-income benefit administrative costs ⁸ :						
Current services	4.8	5.0	5.3	5.5	5.8	26.4
Proposed increases	+0.1	+0.1	+0.2	+0.2	+0.2	+0.7
Federal employee health benefits:						
Current services	1.3	1.6	1.8	2.0	2.2	8.8
Proposed savings	0.0	—0.2	—0.3	—0.4	—0.5	—1.5
Legislative functions:						
Current services	1.5	1.5	1.5	1.6	1.6	7.7
Proposed changes	— *	— *	— *	— *	— *	— *

* \$50 million or less.

Note: Details may not add to totals due to omission of various small programs and minor offsetting receipt accounts.

¹ FERC and EPA, NRC, OSMR, EPA operations and superfund, CFTC, FCC, FTC, SEC, NHTSA, ICC, CAB, NLRB, ESA, Food Safety Administration, FDA, OSHA.² FBI, DEA, BATF, INS, Customs, Secret Service, DOT legal divisions, Federal Judiciary, Federal Corrections System.³ Naval Petroleum Reserve, Forest Service, BLM, Indian lands, F&WS, land and water conservation fund, NPS, Geological Survey, OCS receipts, various on-shore receipts for mineral and other resource sales.⁴ Libraries aid, NIE, public telecommunications planning grants, National Endowments for Arts and Humanities, Smithsonian and Library of Congress.⁵ Includes ADAMHA research.⁶ Department-wide or major bureau salaries and expense accounts in USDA, HHS, Labor, Education, Energy, HUD, DOT, Interior, Commerce and VA.⁷ Administrative costs of UI, social security, medicare and civil service retirement.⁸ Administrative costs of AFDC-CSE, nutrition programs, SSI and medicaid, including federal matching grants for state administrative costs.

intragovernmental transactions, long-term trends for the category as a whole have limited analytical value. However, among the major programmatic or activity clusters, a number of clear trends

are apparent that highlight the changes that have been introduced since 1981 and define opportunities for future budget savings.

First, the steady constant dollar expansion of the Federal law enforcement budget that has been under way since the early 1960's, has been reinforced by the high priority placed on these activities by the Reagan administration. As shown in the table below, constant dollar law enforcement spending rose from \$1.4 billion in 1962 to \$4½ billion by 1981, and will reach \$5.7 billion in the 1984 enacted budget. The proposed 1985 budget will increase constant dollar funding levels to \$6.0 billion by 1989—a 26% increase over 1981 and a level 4 times greater than 1962.

FEDERAL LAW ENFORCEMENT TRENDS: 1962-1989

[In constant 1985 dollars]

	Amount
1962	\$1.4
1970	2.3
1981	4.8
1984 enacted	5.7
1985 proposed	5.8
1989 proposed	6.0

Secondly, the explosive 1970's growth of regulatory agency budgets has been sharply contained. After having doubled in real terms between 1962 and 1969, and tripled between 1969 and 1980, constant dollar regulatory agency costs in the enacted 1984 budget will recede to their 1979 level (\$4.4 billion). The President's 1985 budget would stabilize real costs at about this level through 1989. Thus, the rapid growth of regulatory costs has been brought to a halt—with likely future real costs stabilizing in the \$4½ billion annual range. Since this plateau reflects the near termination of traditional economic regulatory activities (e.g., ICC and CAB), most of the remaining costs are attributable to the large health, safety and environmental protection agencies (i.e., OSHA, NRC, EPA and FDA will account for 52% of 1984 regulatory agency budget costs). Prospects for additional future budget savings depend in considerable degree, then, on whether further progress in reducing the scope and burden of health and safety regulation is made in the years ahead.

REGULATORY AGENCY TRENDS: 1962-1989

[In constant 1985 dollars]

	Amount
1962	0.8
1969	1.6
1980	4.8
1984 enacted	4.4
1985 proposed	4.6
1989 proposed	4.3

Thirdly, due to the initiation of widescale leasing and production from the outer continental shelf, the net budget flow to the Treasury from the public domain now substantially exceeds the operational costs of all major agencies responsible for its management.

NET BUDGET IMPACT OF PUBLIC DOMAIN RECEIPTS AND MANAGEMENT

[In constant 1985 dollars]

	Average amounts
1962-1970.....	+ 0.6
1971-1980.....	- 2.3
1981-1984.....	- 7.1
1985-1989 proposed.....	- 8.4

This shift toward a strong positive cash flow and, therefore, reduction in unified budget outlays is attributable to two factors. First, significant cost savings and economies in public domain management agency operations have been achieved by the administration since 1980. Secondly, OCS and other receipts have been rising steadily due to the administration's more flexible mineral leasing policies. Between 1980 and 1984 operating costs have been reduced 22% in real terms while constant dollar receipts have risen by 36%.

The proposed 1985 budget would continue these trends with further cost reductions and a continued rise in planned receipts. Given both the minimum operating cost requirements of the major agencies—Forest Service, BLM, National Park Service and Fish and Wildlife—as well as environmental and economic constraints on leasing activities, it will be an increasingly difficult challenge to further improve the net budget position of public domain activities beyond the levels proposed in the President's 1985 budget.

CHANGE IN NET OUTLAYS OF PUBLIC DOMAIN ACTIVITIES

(In constant 1985 dollars)

	Major operational programs ¹	Leasing, royalty and other receipts ²	Net budget outlays
1980.....	+ 6.5	- 8.7	- 2.2
1984 enacted.....	+ 5.1	- 11.8	- 6.8
1989 proposed.....	+ 4.6	- 13.6	- 9.0

¹ Consists of program outlays for Forest Service, BLM, land and water conservation fund, Fish and Wildlife Service, National Park Service, Geological Survey, Bureau of Mines and Naval Petroleum Reserves.

² Primarily OCS receipts, Interior receipts, Naval petroleum reserve sales and Forest Services sales proceeds.

Fourthly, constant dollar budget levels for scientific research, the National Institutes of Health and cultural support programs will have been reduced by about 5% in real terms between the 1980 peak and the 1984 enacted budget. The proposed 1985 budget essentially stabilizes total funding at this level—with constant dollar outlays projected to average about \$7.9 billion over the 1985-89 period.

However, within this stable total a modest reordering of priorities would continue to occur. Outlays in 1984 for scientific research (NSF and the DOE energy science programs) will be 6% above the 1980 constant dollar level—with proposed future increases resulting in a 19% increase by 1989. By contrast, cultural support programs have been reduced by 29% in real terms and proposed further reductions in constant dollar funding—mainly in the National Endowments and Corporation for Public Broadcasting—would result in a 46% reduction by 1989. Real funding levels for NIH would remain slightly below the 1980 level for the remainder of the decade.

TRENDS FOR SCIENTIFIC AND MEDICAL RESEARCH AND CULTURAL SUPPORT

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1980
Scientific research (NSF and energy):		
1980.....	1.9	
1984 enacted.....	2.1	+ 6%
1985 proposed.....	1.9	+ 16
1989 proposed.....	2.2	+ 19
NIH and ADAMHA research and training:		
1980.....	4.9	
1984 enacted.....	4.8	- 2
1985 proposed.....	4.9	+ 1
1989 proposed.....	4.7	- 4
Cultural support programs: ¹		
1980.....	1.5	
1984 enacted.....	1.1	- 29
1985 proposed.....	1.0	- 31
1989 proposed.....	0.8	- 46
Total: Science, medical, and culture:		
1980.....	8.3	
1984 enacted.....	7.8	- 5
1985 proposed.....	8.1	- 2
1989 proposed.....	7.7	- 7

¹ Includes National Endowments for the Arts and Humanities, Corporation for Public Broadcasting, Smithsonian, Library of Congress, public library grants, NIE and smaller related programs.

These trends make clear that this component of the budget has been stabilized and new priorities have been established. However, given the two-fifths reduction already proposed for cultural support programs, further reductions beyond those already assumed in the 1985 budget will inevitably raise serious policy questions about the

appropriate level of Federal support for medical and scientific research.

Fifthly, the constant dollar cost of major central government functions—IRS, debt management, BLS-census, NOAA, patent office, GSA-property supply and record management, International Trade and NBS—has drifted steadily upward in real terms over many years, rising from \$3 billion in 1962 to \$6.3 billion in 1981. This trend has continued over the past 3 years, with the 1984 enacted budget for these functions up by 12% to \$7 billion. Under the proposed 1985 budget, constant dollar expenditures would average about \$7 billion per year over 1985-89.

The failure to reverse the overall trend thus far is primarily attributable to the rising real cost of the IRS. As shown below, the IRS constant dollar budget has risen by 16% since 1981 and will be 24% higher by 1989. All other central function costs have risen by 8%, with a modest further rise proposed by 1989.

Given the increasing emphasis on tax compliance and debt collection it will be difficult to reduce the major, dynamic cost component of this function (IRS) appreciably in future years. However, increased receipt collections resulting from these funding augmentations will contribute to overall deficit reduction.

TRENDS IN COSTS OF CENTRAL FUNCTIONS

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1981
Internal Revenue Services:		
1981.....	3.0	
1984 enacted	3.4	16%
1985 proposed.....	3.5	+ 18
1989 proposed.....	3.7	+ 24
All other central functions ¹ :		
1981.....	3.3	
1984 enacted	3.6	+ 8
1985 proposed.....	3.1	- 6
1989 proposed.....	3.8	+ 15

¹ Includes D.C. payment in lieu of taxes in addition to major activities referred to in text.

As a result of the rapid expansion of Federal programs during the 1970's, the constant dollar cost of departmental overhead not specifically allocable to direct Federal services grew rapidly—from \$7.4 billion in 1970 to \$13.8 billion by 1981. However, more than 80% of this growth was attributable to the administrative costs of major entitlement programs ranging from social security, medicare, and unemployment benefits to AFDC, SSI, medicaid and the Federal nutrition programs.

Since 1981, central overhead costs have been held constant in real terms, but the abrupt slowdown is almost entirely attributable to departmental and major agency salary and expense account

reductions. The cost of entitlement benefit administration has continued to rise and is projected to stabilize at about \$10.6 billion per year over 1985-89. Under the proposed 1985 budget, all other Federal overhead costs would decline by about 16% in real terms by 1989.

Thus, because nearly two-thirds of unallocated overhead costs are now attributable to entitlement benefit administration, it is clear that significant future savings depend upon the development of more efficient administrative systems to serve the millions of Federal entitlement beneficiaries. Achieving this objective while simultaneously reducing entitlement program errors and abuse poses one of the most formidable management challenges faced by the administration.

TRENDS IN MAJOR ADMINISTRATIVE OVERHEAD

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1981
Entitlement benefit administrative costs:		
1981.....	9.8	
1984 enacted.....	10.5	+ 7%
1985 proposed.....	10.6	+ 9
1989 proposed.....	10.6	+ 8
Departmental overhead and fringe benefits:		
1981.....	5.0	
1984 enacted.....	4.7	- 7
1985 proposed.....	4.5	- 11
1989 proposed.....	4.2	- 16

NATIONAL INTEREST PROGRAMS

This grouping consists of programs that for the most part have attained priority status as the administration's foreign policy, international security and national leadership objectives have been defined and developed. Consequently, major increases to the current services funding level are proposed for many programs within this component of the non-DOD budget.

The increases for atomic energy defense (Department of Energy) are largely driven by the strategic weapons modernization program and the need to upgrade weapons research, production and testing facilities. Likewise, the emergency preparedness increases are integrally related to the administration's overall national security objectives.

In the international security assistance and economic aid area, substantial increases for military assistance, foreign military sales financing and the Central American initiative are partially offset by savings in the refugee, international development bank and international organizations categories.

After declining throughout the late 1970's, the space program has now been stabilized and will rise substantially above current services levels in the out-years, as the manned space station development activities gain momentum.

Overall, the President's 1985 budget calls for a \$4.4 billion increase over current services for national interest programs in 1985, with a \$40 billion or 27% increase projected for 1985-89. It should be noted, however, that over 40% of this 5-year increase is the result of the proposed conversion of the large military sales lending program (now financed off-budget at Treasury loan rates) to a direct grant and concessional loan program funded out of the regular foreign military sales (FMS) and military assistance accounts in the budget. Over the near term this conversion will approximately double the grant value (i.e. subsidy) of military sales credits to recipient nations without increasing overall Treasury borrowing. Over the longer run, however, reduced receipts from loan interest and repayments will cause the true budget cost to rise appreciably.

NATIONAL INTEREST PROGRAMS: SUMMARY

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Totals						
Current services	28.7	29.2	29.4	29.8	30.2	147.2
Proposed increases	+ 4.4	+ 6.8	+ 8.9	+ 10.0	+ 10.4	+ 40.4
Percent change	+ 15%	+ 23%	+ 30%	+ 33%	+ 34%	+ 27%
Major Programs						
Atomic energy defense (DOE):						
Current services	6.5	6.8	6.6	6.5	6.6	33.0
Proposed increases	+ 0.7	+ 1.4	+ 2.2	+ 2.6	+ 2.8	+ 9.7
Emergency preparedness (FEMA):						
Current services	0.3	0.3	0.3	0.3	0.3	1.5
Proposed increases	+ 0.1	+ 0.1	+ 0.2	+ 0.2	+ 0.3	+ 0.8
Multilateral development banks:						
Current services	1.6	1.4	1.6	1.8	1.4	7.8
Proposed savings	- 0.1	- 0.1	- 0.1	- 0.2	- 0.2	- 0.8
Bilateral development aid (AID):						
Current services	1.9	2.0	2.1	2.2	2.3	10.6
Proposed changes	+ *	+ 0.1	+ 0.1	+ *	- *	+ 0.1
International organization contributions/as-						
sessments and refugee aid:						
Current services	1.3	1.3	1.4	1.4	1.5	6.8
Proposed savings	- 0.1	- 0.2	- 0.2	- 0.2	- 0.3	- 0.9
Public Law 480:						
Current services	1.3	1.3	1.3	1.3	1.4	6.6
Proposed savings	+ *	+ *	- *	- 0.1	- 0.1	- 0.2
Micronesia compact:						
Current services	0.0	0.0	0.0	0.0	0.0	0.0
Proposed increases	+ 0.3	+ 0.1	+ 0.1	+ 0.1	+ 0.1	+ 0.9

NATIONAL INTEREST PROGRAMS: SUMMARY—Continued

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
State Department and related:						
Current services.....	1.4	1.5	1.6	1.7	1.8	7.9
Proposed increases.....	+ 0.2	+ 0.2	+ 0.3	+ 0.3	+ 0.4	+ 1.4
BIB/USIA and related:						
Current services.....	0.9	0.9	1.1	1.1	1.1	5.2
Proposed increases.....	+ *	+ 0.2	+ 0.2	+ 0.1	+ 0.1	+ 0.7
Space program (NASA): ¹						
Current services.....	6.4	6.1	5.6	5.3	5.3	28.8
Proposed increases.....	+ 0.3	+ 1.0	+ 1.9	+ 2.7	+ 3.1	+ 8.9
Coast Guard: ²						
Current services.....	2.4	2.5	2.7	2.6	2.7	13.0
Proposed savings.....	+ *	- 0.1	- 0.2	- 0.1	- 0.1	- 0.5
Foreign military sales: ³						
Current services.....	1.3	1.5	1.6	1.7	1.8	7.9
Proposed increases.....	+ 1.9	+ 3.3	+ 3.6	+ 3.7	+ 3.6	+ 16.1
Economic support fund:						
Current services.....	3.0	3.0	3.2	3.4	3.5	16.0
Proposed savings.....	+ 0.1	- *	- 0.1	- 0.2	- 0.3	- 0.5
Military grant assistance:						
Current services.....	0.6	0.7	0.7	0.7	0.7	3.4
Proposed increases.....	+ 0.2	+ 0.2	+ 0.2	+ 0.2	+ 0.2	+ 1.0
Central American allowance (Kissinger Commission):						
Current services.....	0.0	0.0	0.0	0.0	0.0	0.0
Proposed increases.....	+ 0.8	+ 0.7	+ 0.8	+ 0.8	+ 0.8	+ 3.7

* \$50 million or less.

¹ All of NASA except aeronautical R&D.² Excluding retired pay.³ Includes FMS receipts and reserve guarantee fund outlays.

When viewed in historical perspective, it is clear that the rising budget levels for national interest programs proposed in the 1985 budget are not unprecedented. As shown in the table below, constant dollar funding levels for this function recorded in the early 1960's exceed the levels proposed for 1985-1989. Moreover, the real GNP forecasted for the late 1980's will be more than twice as large as that which supported the higher 1960's level.

Indeed, the 1985 and out-year funding levels proposed for these priority purposes appear to be high only relative to the severely depressed levels that obtained during the mid-1970's. The latter is attributable to a confluence of unsustainable factors including large one-time sales from the defense stockpile, temporary, large negative outlays for foreign military sales transactions and historically low levels of real funding for NASA, security assistance and foreign economic aid. By 1981, however, constant dollar national interest funding had already risen by 36% from the mid-1970's low,

as these temporary factors reversed and additional requirements for security assistance and foreign policy support emerged.

Since 1981, constant dollar funding for national interest programs has risen another 14% in response to a wide variety of new requirements identified by the administration—including a substantial upgrade in USIA's capabilities and effectiveness, provision of more adequate security assistance, and augmentation of the defense preparedness program. While these requirements were not fully anticipated in earlier administration budget plans, the enhanced 1985 request still represents only a partial restoration of funding levels that have been traditionally required to maintain an effective foreign policy, national leadership in space, and a variety of defense-related programs.

NATIONAL INTEREST TRENDS

(1985 constant dollar amounts in billions)

	Average amount	Percent of 1962-66 level
1962-1966	36.3	
1967-1971	29.3	81%
1972-1976	20.1	55
1977-1981	22.0	61
1985-1989 proposed	34.4	95

The 15% constant dollar increase from 1980 level reflected in the enacted 1984 national interest budget, as well as the planned overall growth of more than 40% over the course of the decade, results from a substantial realignment of priorities among programs within the overall function. The largest real growth will occur in atomic energy defense, foreign military sales, emergency preparedness, and military grant assistance. By 1989, these programs would account for over 40% of total national interest outlays compared to only 26% in 1980. By contrast, real funding levels for food-for-peace, multilateral development banks, international organizations, and refugee assistance have either already declined substantially, or, as in the case of multilateral development banks, will decline after 1985 as inherited commitments are run out.

The 51% real increase projected over the decade for the Department of State and the international communications agencies provide yet another illustration of unanticipated budget requirements. These activities are personnel and overhead intensive, yet it has been discovered that significant loss of mission capability occurred during the decade prior to 1980 and that substantial additions to personnel, facilities, security and specialized functions will be needed in order to support adequately U.S. foreign policy objectives.

Overall, the funding levels proposed in the 1985 budget close what had previously been a growing gap between stated policy objectives and projected budget paths. While the upward adjustment provided in the 1985 budget intensifies the challenges of re-establishing fiscal equilibrium, the added burden is modest and the national interests served are of paramount importance.

MAJOR NATIONAL INTEREST PROGRAMS

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1980
Total:		
1980.....	24.4	
1984 enacted	28.2	+ 15%
1985 proposed.....	33.1	+ 35
1989 proposed.....	34.5	+ 41
Atomic energy defense:		
1980.....	3.9	
1984 enacted	6.2	+ 60
1985 proposed.....	7.1	+ 85
1989 proposed.....	8.1	+ 109
Emergency preparedness (FEMA):		
1980.....	0.2	
1984 enacted	0.3	+ 62
1985 proposed.....	0.3	+ 90
1989 proposed.....	0.5	+ 192
Multilateral development banks:		
1980.....	1.1	
1984 enacted	1.6	+ 50
1985 proposed.....	1.5	+ 38
1989 proposed.....	1.0	- 1
International organizations/refugees:		
1980.....	1.6	
1984 enacted	1.3	- 16
1985 proposed.....	1.2	- 24
1989 proposed.....	1.0	- 35
Public Law 480:		
1980.....	1.4	
1984 enacted	1.1	- 23
1985 proposed.....	1.3	- 8
1989 proposed.....	1.1	- 26
State Department and related:		
1980.....	1.2	
1984 enacted	1.5	+ 27
1985 proposed.....	1.6	+ 36
1989 proposed.....	1.8	+ 51
USIA/BIB and related:		
1980.....	0.7	
1984 enacted	0.8	+ 13
1985 proposed.....	0.9	+ 28
1989 proposed.....	1.1	+ 52
Space program:		
1980.....	5.8	
1984 enacted	6.7	+ 16
1985 proposed.....	6.7	+ 15
1989 proposed.....	7.2	+ 23

MAJOR NATIONAL INTEREST PROGRAMS—Continued

(1985 constant dollar amounts in billions)

	Amount	Percent change from 1980
Coast Guard: ¹		
1980.....	1.9	
1984 enacted.....	2.4	+ 25%
1985 proposed.....	2.4	+ 29
1989 proposed.....	2.2	+ 18
Foreign military sales:		
1980.....	2.0	
1984 enacted.....	0.8	- 58
1985 proposed.....	3.2	+ 62
1989 proposed.....	4.6	+ 131
Economic support fund:		
1980.....	2.5	
1984 enacted.....	3.0	+ 21
1985 proposed.....	3.0	+ 21
1989 proposed.....	2.7	+ 8
Military assistance grants:		
1980.....	0.3	
1984 enacted.....	0.6	+ 89
1985 proposed.....	0.8	+ 138
1989 proposed.....	0.8	+ 147

¹ Excluding retired pay.

Budget Totals and Savings Plan

The table summarizes changes to the current services baseline for major components of the budget. Outlays would be reduced by \$19 billion in 1985—with savings rising to \$46 billion by 1989. Measures to strengthen the revenue base and adjust certain unwarranted or no longer justifiable features of the Internal Revenue Code boost receipts by \$8 billion in 1985 and \$75 billion over the period. Overall, the 1985 budget proposes specific steps to reduce the deficit by \$226 billion over 1985–1989.

Additional savings of even greater magnitude will be needed in future years to ensure the continuation of economic recovery. But the measures outlined in the 1985 budget offer the essential first steps toward the restoration of budget balance over the longer-run.

1985 BUDGET TOTALS AND SAVINGS

(Dollars in billions)

	1985	1986	1987	1988	1989	Total
Outlays:						
Current services.....	945	1,019	1,094	1,163	1,230	5,451
Defense savings (DOD)	-13	-13	-6	-7	-14	-53
Non-DOD savings.....	-5	-10	-12	-16	-20	-62
Debt services savings.....	-2	-5	-7	-10	-12	-36
Subtotal, outlay savings....	-19	-27	-26	-33	-46	-151
Budget proposal.....	925	992	1,068	1,130	1,184	5,300
Receipts:						
Current services.....	737	803	874	960	1,037	4,411
Receipt increases.....	8	12	14	18	23	75
Budget proposal.....	745	815	888	978	1,060	4,487
Budget deficit (-).....	-180	-177	-180	-152	-123	-813
Percent of GNP:						
Budget outlays.....	23.8%	23.4%	23.3%	22.8%	22.1%	23.1%
Budget receipts.....	19.2	19.3	19.3	19.7	19.8	19.5
Budget deficit (-).....	-4.6	-4.2	-3.9	-3.1	-2.3	-3.6

PART 4

BUDGET RECEIPTS

4-1

BUDGET RECEIPTS

Budget receipts are taxes and other collections from the public that result from the exercise of the Government's sovereign or governmental powers. These receipts are compared with budget outlays to determine the budget surplus or deficit.

This section of the budget discusses budget receipts for 1983 to 1987 and the legislative proposals and administrative actions affecting them.¹

SUMMARY

Total budget receipts in 1985 are estimated to be \$745.1 billion, an increase of \$75.1 billion from the \$670.1 billion estimated for 1984. Receipts in 1986 and 1987 are estimated to be \$814.9 billion and \$887.8 billion, respectively. These estimates include the effects of:

- the income tax reductions and other tax changes provided in the Economic Recovery Tax Act of 1981;
- the tax revisions and improvements in compliance and collection provided in the Tax Equity and Fiscal Responsibility Act of 1982;
- the 5 cents a gallon increase in the motor fuels tax and other tax changes provided in the Highway Revenue Act of 1982;
- the changes in the financing of the social security and railroad retirement systems provided in the Social Security Amendments of 1983 and the Railroad Retirement Revenue Act of 1983, respectively; and
- the receipts proposals in this budget.

Composition of budget receipts.—The Federal tax system relies predominantly on income and payroll taxes. In 1985:

- Income taxes paid by individuals and corporations are estimated at \$328.4 billion and \$76.5 billion, respectively. These sources combined account for 54.3% of estimated budget receipts.
- Social insurance taxes and contributions—composed largely of payroll taxes levied on wages and salaries, most of which are

¹ Detailed estimates of budget receipts by source for 1983 to 1985 are shown in Tables 14 and 21 of Part 9. The economic assumptions on which the receipts estimates are based are presented in Part 2, and estimates of receipts for 1988-89 are presented in table 2 of Part 9. Part 6 contains an analysis of the difference between actual receipts for 1983 and the budget estimates for 1983 transmitted to the Congress in February 1982. Part 7 explains the conceptual basis for classifying certain amounts collected by the Federal Government as budget receipts and other amounts as offsetting collections.

BUDGET RECEIPTS BY SOURCE

(In billions of dollars)

Source	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Individual income taxes.....	288.9	293.3	328.4	364.1	401.6
Corporation income taxes.....	37.0	66.6	76.5	87.9	97.9
Social insurance taxes and contributions.....	209.0	239.5	270.7	297.8	324.1
Excise taxes.....	35.3	38.2	38.4	34.1	33.4
Estate and gift taxes.....	6.1	5.9	5.6	5.1	4.6
Customs duties.....	8.7	9.1	9.4	9.6	9.9
Miscellaneous receipts.....	15.6	17.5	16.0	16.3	16.3
Total, budget receipts.....	600.6	670.1	745.1	814.9	887.8

paid in equal amounts by employers and employees—will yield an estimated \$270.7 billion, 36.3% of the total.

- Excise taxes imposed on selected products, services, and activities are expected to provide \$38.4 billion, 5.2% of the total.
- Estate and gift taxes, customs duties, and miscellaneous receipts are estimated at \$31.1 billion, the remaining 4.2% of budget receipts.

Under the tax policy and economic assumptions presented in this budget, the income tax share of total receipts is projected to rise to 56.3% by 1987, 2.0 percentage points more than for 1985. This rise is the combined effect of a 1.2 percentage point rise in the individual income tax share and a 0.8 percentage point rise in the corporation income tax share to 11.0%. Social insurance taxes and contributions are projected to rise as a share of total receipts from 36.3% in 1985 to 36.5% in 1987. The excise tax share is projected to decline to 3.8% in 1987, 1.4 percentage points less than for 1985. The projected share of all other receipts declines by 0.7 percentage point between 1985 and 1987.

ENACTED LEGISLATION

Several major tax laws have been enacted since this administration took office in January 1981. The first, the Economic Recovery Tax Act of 1981 (ERTA), provides incentives for work, saving, and investment. The substantial reductions in income taxes and other changes provided in the Act are estimated to reduce receipts by \$133.6 billion in 1984, \$165.0 billion in 1985, \$207.7 billion in 1986, and \$248.5 billion in 1987. The major provisions of the Act include an across-the-board reduction in individual income tax rates and other reductions in individual income taxes; the annual adjustment of the zero bracket amount, the personal exemption, and individual income tax brackets for inflation beginning in 1985; and the accelerated cost recovery of capital expenditures.

The second major tax law, the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), improves the fairness of the tax system while preserving the incentives for work, saving, and investment enacted in 1981. This Act increases receipts primarily by eliminating unintended benefits and obsolete incentives, and providing mechanisms to increase taxpayer compliance and improve collection techniques. The provisions of this Act are estimated to increase receipts by \$35.4 billion in 1984, \$39.7 billion in 1985, \$49.3 billion in 1986, and \$60.7 billion in 1987.

The Highway Revenue Act of 1982 is the third major tax law enacted since January 1981. This Act increases the excise tax on gasoline and diesel fuel by 5 cents a gallon and restructures other highway related taxes to make the taxes paid by various highway users correspond more equitably to the wear and tear that such users cause to the highway system. The provisions of this Act are estimated to increase receipts by \$4.1 billion to \$4.5 billion in each year, 1984-1987.

Three laws affecting receipts were enacted during 1983: the Social Security Amendments of 1983, the Interest and Dividends Tax Compliance Act of 1983, and the Railroad Retirement Revenue Act of 1983. The first, the Social Security Amendments of 1983, assures the future solvency of the social security trust funds through a combination of revenue increases and benefit reductions that restore reserves to safer levels. The revenue provisions of this Act are estimated to increase receipts by \$6.2 billion in 1984, \$8.8 billion in 1985, \$9.3 billion in 1986, and \$11.4 billion in 1987.

The Interest and Dividends Tax Compliance Act of 1983 repeals the withholding of taxes on interest and dividend income provided in TEFRA, permits the deductibility of expenses incurred in attending a business convention in a qualifying Caribbean Basin country, and pays to the Treasuries of Puerto Rico and the U.S. Virgin Islands all excise taxes collected on rum imported into the United States. The provisions of this Act are estimated to reduce receipts by \$2.6 billion in 1984, \$2.4 billion in 1985, \$2.1 billion in 1986, and \$1.7 billion in 1987.

The tax increases provided in the Railroad Retirement Revenue Act of 1983, together with the benefit reductions provided in the Railroad Retirement Solvency Act of 1983, are designed to place the railroad retirement program on a sound financial basis. The provisions of the Railroad Retirement Revenue Act are estimated to increase receipts by \$0.2 billion in 1984, rising annually to \$1.1 billion by 1987.

Despite the increases provided in 1982 and 1983, taxes have been reduced by \$595.4 billion over the 1983-1987 period, relative to what they would have been under pre-1981 tax law. As shown in the following table, there is a net tax reduction every year during

this period, rising from \$73.0 billion in 1983 to \$172.6 billion in 1987.

NET EFFECT ON RECEIPTS OF ENACTED LEGISLATION ¹

(In billions of dollars)

	1983	1984	1985	1986	1987	1983-1987
Economic Recovery Tax Act of 1981	-91.1	-133.6	-165.0	-207.7	-248.5	-845.9
Tax Equity and Fiscal Responsibility Act of 1982	16.6	35.4	39.7	49.3	60.7	201.8
Highway Revenue Act of 1982	1.5	4.1	4.2	4.4	4.5	18.7
Social Security Amendments of 1983		6.2	8.8	9.3	11.4	35.8
Interest and Dividends Tax Compliance Act of 1983	-0.1	-2.6	-2.4	-2.1	-1.7	-8.8
Railroad Retirement Revenue Act of 1983	*	0.2	0.7	1.1	1.1	3.1
Net tax reduction	-73.0	-90.3	-113.8	-145.7	-172.6	-595.4

*\$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects are taken into account for forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

The major provisions of the three laws enacted in 1983 are described below.²

SOCIAL SECURITY AMENDMENTS OF 1983

Expansion of coverage.—Federal civilian employees and employees of State and local governments and non-profit organizations were exempt from mandatory social security coverage under prior law. This Act extends mandatory coverage to all new Federal civilian employees and to employees of non-profit organizations effective January 1, 1984. State and local governments participating in the social security system are no longer allowed to withdraw.

Acceleration of scheduled increases in the Old-Age and Survivors and Disability Insurance (OASDI) payroll tax rate.—Prior to enactment of the Social Security Amendments of 1983, the combined OASDI employer-employee tax rate was scheduled to increase from 10.8% to 11.4% on January 1, 1985, and to 12.4% on January 1, 1990. Under these amendments the rate increased to 11.4% on January 1, 1984, and is scheduled to increase to 12.12% on January 1, 1988, and to 12.4% on January 1, 1990. For 1984, employees are provided a tax credit against the OASDI payroll tax equal to 0.3% of taxable wages, the rescheduled portion of the employee tax rate. These changes also apply to contributions to social security equivalent benefits provided under railroad retirement.

Comparability of self-employment Old-Age and Survivors and Disability and Hospital Insurance (OASDHI) payroll tax rate.—Self-employed individuals previously paid 75% of the combined employer-employee OASDI tax rate and 50% of the combined HI tax rate.

² For a more detailed discussion of the Economic Recovery Tax Act of 1981, see Part 4 of the 1983 *Budget*. A more detailed discussion of the Tax Equity and Fiscal Responsibility Act of 1982 and the Highway Revenue Act of 1982 is provided in Part 4 of the 1984 *Budget*.

Under these amendments self-employed individuals are required to pay the combined employer-employee OASDHI tax rate effective January 1, 1984. To reduce the effect of this increase, self-employed individuals are provided a tax credit against the payroll tax equal to 2.7% of taxable wages in 1984, 2.3% of taxable wages in 1985, and 2.0% of taxable wages in 1986 through 1989.

Taxation of social security (OASDI) benefits.—Social security benefits were exempt from the Federal income tax under prior law. Effective January 1, 1984, a portion of social security benefits and social security equivalent benefits provided under railroad retirement are subject to the Federal income tax. The amount taxed is the lesser of one-half the benefits received, or one-half the amount by which the sum of adjusted gross income from non-social security sources, income from tax-exempt bonds, and 50% of social security benefits exceeds \$25,000 for a single taxpayer and \$32,000 for a married couple filing a joint return.

INTEREST AND DIVIDENDS TAX COMPLIANCE ACT OF 1983

Repeal of withholding on interest and dividend income.—Under the Tax Equity and Fiscal Responsibility Act of 1982, withholding at the rate of 10% was required on all interest and dividend payments made after June 30, 1983. This Act repeals that provision effective July 1, 1983 and replaces it with an expanded system of "backup withholding," which is intended primarily to improve the accuracy of information reporting and increase taxpayer compliance. Effective January 1, 1984, payers of interest, dividends and certain other payments, as well as brokers and barter exchanges, are required to impose backup withholding at the rate of 20%, if the recipient of a payment or a customer fails to furnish a correct taxpayer identification number in the manner required, or, for interest and dividends only, has been identified by the IRS as having failed to report interest or dividend income.

Caribbean Basin Initiative (CBI).—Under prior law, expenses incurred in attending business conventions outside the North American area were deductible only if it was as reasonable to hold the convention outside the North American area as within it. Effective June 30, 1983, expenses incurred in attending a business convention in a qualifying Caribbean Basin country are deductible, provided they meet the standards for deductibility of North American business expenses and an agreement to exchange tax information is in effect with that country. The Act also provides that effective June 30, 1983, all excise taxes collected on rum imported into the United States, wherever produced, be paid into the Treasuries of Puerto Rico and the U.S. Virgin Islands. Under prior law, only taxes collected on rum produced in Puerto Rico or the U.S. Virgin

Islands and transported to the United States were transferred to Puerto Rico or the U.S. Virgin Islands.

RAILROAD RETIREMENT REVENUE ACT OF 1983

Increase in railroad retirement payroll taxes.—The railroad retirement system provides payments to former rail employees under a two tier system that is equivalent to a combination of social security and a multi-employer industry pension plan. About 350,000 former employees also receive windfall payments that are fully subsidized by other taxpayers. Under prior law, rail employers contributed 11.75% of monthly taxable compensation (\$2,975 in 1983) to finance rail industry pension payments; the employee contribution was 2%. This Act increases the employer contribution to 12.75% on January 1, 1984, to 13.75% on January 1, 1985, and to 14.75% on January 1, 1986. The employee contribution increases to 2.75% on January 1, 1984, to 3.5% on January 1, 1985, and to 4.25% on January 1, 1986.³

Increase in railroad unemployment insurance taxes.—Effective January 1, 1984, rail employers are subject to an unemployment insurance tax of 8% on the first \$600 of monthly wages per employee. This tax had been limited to the first \$400 of monthly wages under prior law.

Enactment of temporary Federal unemployment insurance repayment tax.—Effective July 1, 1986, a temporary Federal unemployment insurance repayment tax is levied on rail employers. The tax is initially 2% of the first \$7,000 in annual wages per employee and increases annually thereafter by 0.3 percentage point each January 1. This tax will be used to repay loans made by the railroad retirement trust fund to the railroad unemployment insurance fund.

Taxation of benefits.—All payments received under the rail industry pension plan after December 31, 1983, will be subject to the Federal income tax to the extent that they exceed previously taxed contributions. These benefits were exempt from tax under prior law.⁴ Windfall payments will be taxed under similar rules.

³ Contributions to social security equivalent benefits provided under railroad retirement are at the same rate as the social security (OASDHI) payroll tax and increase when social security taxes rise.

⁴ The Social Security Amendments of 1983 provide for the taxation of a portion of social security equivalent benefits provided under railroad retirement, effective January 1, 1984.

EFFECT OF ENACTED LEGISLATION ON RECEIPTS ¹

(In billions of dollars)

	1983	1984	1985	1986	1987
Economic Recovery Tax Act of 1981					
Individual income tax provisions.....	-64.0	-96.0	-113.6	-138.1	-166.4
Capital cost recovery provisions:					
Individual income taxes	-2.9	-4.3	-5.7	-7.6	-9.2
Corporation income taxes	-14.9	-21.8	-29.4	-41.1	-49.6
Subtotal, capital cost recovery provisions.....	-17.8	-26.1	-35.1	-48.7	-58.8
Saving incentive provisions	-7.0	-8.6	-10.8	-14.1	-15.2
Estate and gift tax provisions	-2.4	-3.7	-4.9	-6.5	-8.1
Other:					
Individual income taxes	-0.1	-0.1	-0.1	0.3	-0.1
Corporation income taxes	-*	0.4	-0.5	-0.7	-0.2
Social insurance taxes and contributions	0.5	0.5	0.5	0.6	0.6
Excise taxes	-0.2	-*	-0.4	-0.5	-0.4
Subtotal, other.....	0.1	0.8	-0.4	-0.3	-*
Total, Economic Recovery Tax Act of 1981.....	-91.1	-133.6	-165.0	-207.7	-248.5
Tax Equity and Fiscal Responsibility Act of 1982					
Compliance and collection:					
Individual income taxes	3.0	6.1	7.2	7.4	7.9
Corporation income taxes	1.6	5.7	1.9	2.0	1.5
Employment taxes and contributions	0.1	0.2	0.3	0.4	0.4
Subtotal, compliance and collection.....	4.7	12.0	9.4	9.9	9.9
Unintended benefits and obsolete incentives:					
Individual income taxes	0.3	3.3	3.8	5.4	7.1
Corporation income taxes	4.2	8.0	13.0	22.8	32.5
Estate and gift taxes.....		0.2	0.2	0.2	0.2
Subtotal, unintended benefits and obsolete incentives	4.6	11.6	17.1	28.5	39.8
Excise tax provisions.....	3.4	4.9	5.7	2.2	1.6
Employment tax provisions:					
Individual income taxes	0.6	0.7	0.6	0.5	0.5
Social insurance taxes and contributions	2.1	3.1	3.2	2.9	2.6
Subtotal, employment tax provisions	2.7	3.8	3.7	3.4	3.1
Other:					
Individual income taxes	-0.5	-0.4	-0.4	0.5	0.9
Corporation income taxes	1.8	3.5	4.2	4.9	5.4
Subtotal, other.....	1.3	3.1	3.8	5.4	6.3
Total, Tax Equity and Fiscal Responsibility Act of 1982.....	16.6	35.4	39.7	49.3	60.7
Highway Revenue Act of 1982					
Individual income taxes	-0.4	-1.1	-1.2	-1.2	-1.3
Corporation income taxes	*	-0.1	-0.2	-0.2	-0.2
Excise taxes	1.9	5.2	5.7	5.9	6.0
Total, Highway Revenue Act of 1982.....	1.5	4.1	4.2	4.4	4.5

EFFECT OF ENACTED LEGISLATION ON RECEIPTS ¹ —Continued

(In billions of dollars)

	1983	1984	1985	1986	1987
Social Security Amendments of 1983					
Individual income taxes.....		-2.3	-0.6	-0.6	-0.7
Social insurance taxes and contributions.....		8.5	9.4	9.9	12.1
Total, Social Security Amendments of 1983.....		6.2	8.8	9.3	11.4
Interest and Dividends Tax Compliance Act of 1983					
Individual income taxes.....	-0.1	-2.6	-2.4	-2.1	-1.7
Corporation income taxes.....	—*	—*	—*	—*	—*
Total, Interest and Dividends Tax Compliance Act of 1983.....	-0.1	-2.6	-2.4	-2.1	-1.7
Railroad Retirement Revenue Act of 1983					
Individual income taxes.....	*	0.1	0.3	0.3	0.3
Social insurance taxes and contributions.....	*	0.1	0.4	0.8	0.8
Total, Railroad Retirement Revenue Act of 1983.....	*	0.2	0.7	1.1	1.1
ADDENDUM					
Effect on receipts by source:					
Individual income taxes.....	-71.0	-104.5	-121.4	-147.2	-175.5
Corporation income taxes.....	-7.3	-4.9	-12.6	-14.4	-13.0
Social insurance taxes and contributions.....	2.7	12.5	13.9	14.5	16.6
Excise taxes.....	5.1	10.1	11.0	7.6	7.2
Estate and gift taxes.....	-2.4	-3.5	-4.7	-6.3	-7.9
Total.....	-73.0	-90.3	-113.8	-145.7	-172.6

* \$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects are taken into account for forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

RECEIPTS PROPOSALS

Women's initiative.—The administration supports several tax changes that primarily improve the structure of the tax system and its impact upon women. These changes are estimated to reduce receipts by \$0.3 billion in 1985, \$0.9 billion in 1986, and \$0.9 billion in 1987:

- **Expansion of individual retirement accounts (IRAs).**—Under current law, an individual generally is permitted to deduct annual contributions to an IRA up to a maximum of \$2,000 or 100 percent of compensation, whichever is less. If deductible contributions are made to an IRA established by a working individual for the individual and a spouse who does not receive compensation, the maximum annual contribution is increased to \$2,250. The administration proposes to increase the \$2,250 annual spousal IRA limit to \$4,000. In addition, the administration proposes to permit divorced individuals to treat taxable alimony as compensation in determining the IRA deduction limit.

- *Reclassification of certain day care organizations.*—The administration proposes to classify all qualified, nonprofit dependent care facilities as tax-exempt organizations.
- *Restructuring of the dependent care tax credit.*—The administration proposes to increase the dependent care tax credit to 40 percent of qualifying dependent care expenses for individuals with an annual income of \$10,000 or less. The credit will be reduced as the individual's income increases above \$10,000, and will phase out completely when income reaches \$60,000.

Structural reform. —The administration proposes the following structural reforms, which are estimated to increase receipts by \$0.8 billion in 1984, \$1.1 billion in 1985, \$2.2 billion in 1986, and \$3.7 billion in 1987:

- *Restrictions on tax-exempt leasing.*—Restrictions will be imposed on the use of the accelerated cost recovery system (ACRS) and investment tax credits for properties that are the subject of sale-leaseback and similar transactions with Federal, State, and local governments, or with other organizations not subject to U.S. taxation.
- *Taxation of life insurance companies.*—Broad-based improvement in the system of taxing life insurance companies is proposed. The multi-phase system adopted in 1959 will be replaced with a more rational single-phase system, and the definition of "life insurance" will be clarified.
- *Restrictions on industrial development bonds.*—A number of proposals will limit the alarming growth in private purpose tax-exempt bonds, including industrial development bonds. Key features of the proposals would impose State-by-State volume limits on certain private purpose bonds; limit the volume of obligations that could benefit any one user; strengthen the arbitrage bond limitations; limit the tax exemption for federally guaranteed obligations; and apply all statutory limitations, including the arbitrage bond limitations currently applicable to State and local governments, to obligations issued by Puerto Rico and other U.S. possessions.

Curtailement of tax shelter, accounting, and corporate tax abuse.—Transactions have been identified that abuse existing partnership, accounting, and corporate tax provisions. The administration proposes a number of changes that will curtail transactions that generate unintended tax benefits or form the basis for tax shelter schemes. These changes are estimated to increase receipts by \$0.8 billion in 1984, \$3.2 billion in 1985, \$4.3 billion in 1986, and \$4.7 billion in 1987.

Tax incentives for higher education.—The administration proposes to exclude from taxation earnings on savings deposited in special accounts that will be used to pay future higher education expenses of dependent children. The maximum annual contribution to these accounts will be \$1,000 per child. However, this maximum will be reduced 5 cents for each dollar that the taxpayer's adjusted gross income exceeds \$40,000, so that any taxpayer with adjusted gross income in excess of \$60,000 will be ineligible.

Eligible expenses generally are tuition and room and board incurred by a full-time student enrolled in a postsecondary education program leading to a degree or certification (including graduate school). In the case of part-time students in such a program, only tuition qualifies. Special savings accounts will qualify only if the dependent children on whose behalf the savings are made are under age 18. In no case may an account be kept open for a child over the age of 25. Eligible expenses will not include amounts paid to schools that follow a racially discriminatory policy. This proposal will be effective January 1, 1985, and is estimated to reduce receipts by a negligible amount in 1985, \$0.1 billion in 1986, and \$0.3 billion in 1987.

Tuition tax credit.—The administration proposes to provide taxpayers a nonrefundable credit for 50 percent of tuition expenses paid to private elementary and secondary schools for certain qualified dependents. The maximum credit allowable for each dependent is \$100 in 1984, \$200 in 1985, and \$300 thereafter, with the maximum amount in each year phased out for taxpayers with adjusted gross incomes between \$40,000 and \$60,000. Credits will not be allowed for expenses paid to private schools that follow a racially discriminatory policy. This proposal, which will be effective for expenses incurred after July 31, 1984, is estimated to reduce receipts by \$0.3 billion in 1985, \$0.6 billion in 1986, and \$0.9 billion in 1987.

Enterprise zone tax incentives.—Under current law, the only tax incentive for the redevelopment of economically distressed areas is a relaxation of limitations on tax-exempt financing for facilities receiving assistance under the Urban Development Action Grant program. The administration proposes that up to 25 small areas per year (not to exceed 75 in total) be designated "enterprise zones." Effective January 1, 1985, the following tax incentives will be available for economic redevelopment in the zones: an exemption from capital gains tax on certain qualified property; a tax credit for employees equal to 5 percent of the first \$10,500 of wages earned; a tax credit for employers equal to 10 percent of any qualified increases in their payrolls; a separate tax credit for employers of certain disadvantaged individuals equal to 50 percent of

the wages of such persons for the first three years of employment (the percentage declines by 10 points in the fourth year and each year thereafter); an increase of 50 percent in the regular investment tax credit for investment in equipment; a 10 percent investment tax credit for new construction and reconstruction of buildings; and continued availability of tax-exempt bond financing beyond the 1986 sunset date for small issue bonds. These incentives, which generally will remain fully in effect for 20 years and be phased out over the succeeding four years, are estimated to reduce receipts by \$0.1 billion in 1985, \$0.4 billion in 1986, and \$0.8 billion in 1987.

Tax treatment of health insurance premiums.—Under current law, compensation paid in cash is fully taxable for both social security and income tax purposes, while compensation in the form of employer-paid health insurance premiums is nontaxable. The administration proposes that effective January 1, 1985, employees be required to pay social security and income taxes on employer-paid health insurance premiums in excess of \$175 per month or \$2,100 per year for a family plan, and \$70 per month or \$840 per year for a single plan. Employer-paid health insurance premiums below these amounts still will be excluded from taxation. The \$175 and \$70 amounts will be indexed to rise with inflation. This proposal is estimated to increase receipts by \$3.9 billion in 1985, \$6.5 billion in 1986, and \$8.0 billion in 1987.

Changes in contributions to civil service retirement (CSR).—Currently, employees contribute 7% of wages and salaries to CSR, employing agencies contribute 7%, and the general fund of the Federal Government contributes 50% of the remaining cost. The administration is proposing several reforms that would reduce the cost of CSR, and increase contributions to the fund. These changes, which are estimated to increase governmental receipts by \$0.7 billion in 1985, \$1.4 billion in 1986, and \$1.5 billion in 1987, include the following:

- ***Increase employee contributions.***—The administration's proposal increases employee contributions (including District of Columbia employees who are under CSR) from 7% of wages and salaries to 8% effective October 1984, and to 9% effective October 1985.
- ***Increase the District of Columbia (D.C.) employer contribution.***—Matching the proposed contribution by D.C. employees, the administration's proposal increases the D.C. Government contribution from the current 7% to 8% effective October 1984, and to 9% effective October 1985. A corresponding increase in the contribution of Federal employing agencies is proposed; however, these employer contributions are shown

on the outlay side of the budget and do not affect budget receipts.⁵

Extension of Federal/State unemployment insurance coverage to railroad employment.—Railroad employment is the only sector not covered by the regular Federal/State unemployment insurance system. The separate Railroad Sickness and Unemployment Insurance Fund (RSUI), which is financed by payroll taxes paid by rail employers, has been insolvent for a number of years.

In the past, when contributions have been insufficient to pay benefits, RSUI has borrowed from the rail pension fund. Even though RSUI will not be permitted to borrow from the pension fund after 1985, and the Railroad Retirement Revenue Act of 1983 increased RSUI contributions and established a separate debt repayment tax, it is estimated that the RSUI debt to the rail pension fund will grow to nearly \$1 billion by the end of 1985.

The administration proposes to extend regular Federal/State unemployment insurance coverage to railroad employment. Under this proposal rail employment will be covered under Federal and State unemployment insurance tax laws effective January 1, 1985. Existing RSUI contributions and the special debt repayment tax will remain in place to finance sickness payments and to ensure that all debt to the rail pension fund is repaid. This proposal is estimated to increase receipts by \$0.1 billion in each year, 1985-1987.

Taxation of Foreign Sales Corporation.—Under present law, taxes on a portion of a company's income from U.S. exports sold through a Domestic International Sales Corporation (DISC) can be deferred. The administration proposes to replace the current DISC provisions with a new system of taxing export sales income that is intended to preserve the competitiveness of U.S. exports while addressing concerns expressed by other General Agreement on Tariff and Trade (GATT) members. This provision is estimated to reduce receipts by a negligible amount in 1985 and 1986, and to increase receipts by \$0.1 billion in 1987.

Withholding on U.S. real estate gains of foreign individuals.—The administration proposes to withhold taxes on gains realized by foreign individuals on the sale of U.S. real property. It is estimated that this proposal will increase receipts by \$0.1 billion in 1985 and negligible amounts in subsequent years.

Change in the taxation of Trusts for Investment in Mortgages (TIMs).—Changes in the tax laws necessary to permit the develop-

⁵ The administration proposes to increase the contributions of the Postal Service by the same amount. Contributions of the Postal Service to CSR are shown on the outlay side of the budget and do not affect budget receipts.

ment of TIMs are being proposed. These changes will remove regulatory and tax constraints, thereby facilitating trading and expansion of the private secondary mortgage market, as well as reducing the dependence of the mortgage market upon Government-sponsored enterprises.

Tax exemption for deceased military personnel.—The administration proposes to exempt from tax the income of certain military personnel killed in action overseas. This proposal is estimated to have a negligible effect on receipts.

Extension of expiring provisions.—The following provisions, which are scheduled to expire under present law, are proposed to be extended: the credit for research and experimental expenditures, which is scheduled to expire December 31, 1985; the present moratorium on the application of existing research and experimentation allocation regulations, which ensure that all research and experimentation deductions can be used to offset U.S. source income; the targeted jobs tax credit, which is scheduled to expire December 31, 1984; and, to a limited extent, the payment-in-kind (PIK) program. Extension of these provisions is estimated to reduce receipts by \$0.1 billion in 1984, \$0.3 billion in 1985, \$0.8 billion in 1986, and \$1.1 billion in 1987.

Petroleum overcharge restitution fund.—The administration proposes legislation to establish a special fund in the Department of Health and Human Services (HHS) to hold monies recovered by the Federal Government from petroleum pricing and allocation violations under the Emergency Petroleum Allocation Act of 1973, in instances where the overcharged customers cannot be identified and repaid. Oil overcharge money deposited into this fund will be used to finance the HHS Low-Income Home Energy Assistance Program, the Department of Energy (DOE) Low-Income Weatherization Program, and DOE energy conservation grants to schools and hospitals. It is estimated that \$2.0 billion will be collected in 1984.

EFFECT OF PROPOSED LEGISLATION AND ADMINISTRATIVE ACTION ON RECEIPTS¹

(In billions of dollars)

	1984	1985	1986	1987
Women's initiative.....		-0.3	-0.9	-0.9
Structural reform.....	0.8	1.1	2.2	3.7
Curtailment of tax abuse.....	0.8	3.2	4.3	4.7
Higher education tax incentive.....		-*	-0.1	-0.3
Enterprise zone tax incentives.....		-0.1	-0.4	-0.8
Tuition tax credit.....		-0.3	-0.6	-0.9
Taxation of health insurance premiums.....		3.9	6.5	8.0
Contributions to civil service retirement.....		0.7	1.4	1.5
Railroad unemployment insurance coverage.....		0.1	0.1	0.1
Extension of expiring provisions.....	-0.1	-0.3	-0.8	-1.1
Petroleum overcharge restitution fund.....	2.0			
Other.....	-*	*	-*	0.1
Total.....	3.5	7.9	11.6	14.2
ADDENDUM				
Effect of proposals on receipts by source:				
Individual income taxes.....	0.8	5.0	6.4	7.2
Corporation income taxes.....	0.7	1.1	1.9	3.1
Social insurance taxes and contributions.....		1.8	3.3	3.9
Other.....	2.0	*	*	*
Total.....	3.5	7.9	11.6	14.2

* \$50 million or less.

¹ These estimates are based on the direct effect only of legislative changes at a given level of economic activity. Induced effects are taken into account for forecasting incomes, however, and in this way affect the receipts estimates by major source and in total.

EFFECT OF ENACTED AND PROPOSED CHANGES ON RECEIPTS

The actual change in receipts that will result from an enacted or proposed tax revision will depend on both the direct effect of the tax change and the indirect or "feedback" effect. The direct effect is the increase or decrease in receipts due only to the tax change at given levels of income. The indirect or feedback effect is the increase or decrease in receipts due to the effect of the tax change on income levels.

The estimates of the effect of enacted and proposed tax changes shown in this budget represent the direct effect of these changes on receipts, based on levels of corporate and individual income that reflect enactment of the tax change. The estimated indirect or feedback effect on receipts due to the tax-induced change in incomes is not included in these estimates because it is already included in gross receipts.

For example, the estimates of the effect of the Economic Recovery Tax Act of 1981 shown in this budget represent only the direct effect of the changes provided in the Act. The increased receipts resulting from the tax-induced increase in incomes are included in gross receipts. The estimates of the direct effect of the Economic

Recovery Tax Act of 1981 on receipts therefore overstate the net loss to the Treasury of the income tax reductions and other tax changes provided in the Act.

The estimates in this budget of the effect of the administration's proposals on receipts also represent only the direct effect of these changes. The indirect effect of these proposals is included in gross receipts.

CHANGES IN BUDGET RECEIPTS

Budget receipts are estimated to increase by \$69.5 billion in 1984, \$75.1 billion in 1985, \$69.8 billion in 1986 and \$72.9 billion in 1987. The year-to-year changes can be divided between changes due to growth in the tax base and changes due to revisions in the tax structure. Under the tax rates and structure in effect on January 1, 1981, receipts would have risen by \$79.8 billion in 1984, \$81.9 billion in 1985, \$87.4 billion in 1986, and \$89.2 billion in 1987. Thus, the combined effect of administrative action and enacted and proposed tax law changes, which is shown in the accompanying table, reduces the growth in receipts by \$10.3 billion in 1984, \$6.8 billion in 1985, \$17.6 billion in 1986, and \$16.3 billion in 1987.

	1984	1985	1986	1987
Growth in receipts (in billions of dollars):				
Under existing law and administrative action and proposed legislation.....	69.5	75.1	69.8	72.9
Under tax rates and structure in effect Jan. 1, 1981	79.8	81.9	87.4	89.2
Difference	-10.3	-6.8	-17.6	-16.3

CHANGES IN BUDGET RECEIPTS

(In billions of dollars)

	1983	1984	1985	1986	1987
Receipts under tax rates and structure in effect January 1, 1981 ¹	667.6	747.4	829.3	916.7	1,005.9
Administrative action	0.2	*	0.2	0.2	0.2
Enacted legislative changes:					
Economic Recovery Tax Act of 1981	-91.1	-133.6	-165.0	-207.7	-248.5
Tax Equity and Fiscal Responsibility Act of 1982	16.6	35.4	39.7	49.3	60.7
Highway Revenue Act of 1982	1.5	4.1	4.2	4.4	4.5
Social Security Amendments of 1983 ²		2.4	5.8	7.3	9.0
Interest and Dividends Tax Compliance Act of 1983	-0.1	-2.6	-2.4	-2.1	-1.7
Railroad Retirement Revenue Act of 1983	*	0.2	0.7	1.1	1.1
Social security taxable earnings base increases: ³					
\$29,700 to \$32,400 effective Jan. 1, 1982	3.2	3.7	4.3	5.1	6.0
\$32,400 to \$35,700 effective Jan. 1, 1983	1.2	3.6	4.2	5.0	5.9
\$35,700 to \$37,800 effective Jan. 1, 1984		0.7	2.2	2.6	3.1
\$37,800 to \$39,300 effective Jan. 1, 1985			0.6	1.7	2.1
\$39,300 to \$41,400 effective Jan. 1, 1986				0.8	2.6
\$41,400 to \$43,800 effective Jan. 1, 1987					1.0
Social security (OASDI) tax rate increases: ³					
13.3% to 13.4% effective Jan. 1, 1982	1.4	1.5	1.6	1.7	1.9
13.4% to 14.0% effective Jan. 1, 1984		3.8	10.2	12.6	13.9
14.0% to 14.1% effective Jan. 1, 1985			1.2	1.8	2.0
14.1% to 14.3% effective Jan. 1, 1986				2.7	4.0
Other	-*	-*	0.1	*	*
Total, receipts under existing legislation	600.6	666.6	737.2	803.3	873.7
Proposed legislation and administrative action:					
Women's initiative			-0.3	-0.9	-0.9
Structural reform		0.8	1.1	2.2	3.7
Curtailment of tax abuse		0.8	3.2	4.3	4.7
Taxation of health insurance premiums			3.9	6.5	8.0
Contributions to civil service retirement			0.7	1.4	1.5
Higher education tax incentive			-*	-0.1	-0.3
Enterprise zone tax incentives			-0.1	-0.4	-0.8
Tuition tax credit			-0.3	-0.6	-0.9
Railroad unemployment insurance coverage			0.1	0.1	0.1
Extension of expiring provisions		-0.1	-0.3	-0.8	-1.1
Petroleum overcharge restitution fund		2.0			
Other		-*	*	-*	0.1
Total, receipts under existing and proposed legislation and administrative action ⁴	600.6	670.1	745.1	814.9	887.8

* \$50 million or less.

¹ These figures assume a social security taxable earnings base of \$29,700.² Excludes the effect of increases in the OASDI tax rate that are shown below.³ The combined employer-employee old age and survivors, disability, and hospital insurance (OASDI) tax rate.⁴ These estimates include both the direct and indirect effects of administrative action and legislative changes.

* Technical note: When the tax rate and the taxable earnings base increase at the same time, dividing up the total effect on receipts is arbitrary to some small extent because of an interaction effect. The increase in receipts due to this interaction effect is attributed to the rate and base changes in proportion to the increases in receipts that would occur if the rate and base were each changed separately.

RECEIPTS BY SOURCE

Individual income taxes.—Individual income tax receipts are estimated at \$293.3 billion in 1984 and \$328.4 billion in 1985. These estimates reflect the individual income tax reductions provided in the Economic Recovery Tax Act of 1981, which reduce individual income tax receipts in 1984 and 1985 by \$108.3 billion and \$128.6 billion, respectively. These reductions are partially offset by the tax revisions and improvements in compliance and collection provided in the Tax Equity and Fiscal Responsibility Act of 1982, which increase individual income taxes by an estimated \$9.7 billion in 1984 and \$11.2 billion in 1985. The proposed changes in this budget are estimated to increase individual income taxes by \$0.8 billion in 1984 and \$5.0 billion in 1985.

Individual income taxes in 1986 and 1987 are projected at \$364.1 billion and \$401.6 billion, respectively. The changes in individual income taxes provided in ERTA and TEFRA result in a net reduction in individual income tax receipts of \$143.5 billion in 1986 and \$172.1 billion in 1987. The administration's proposals are estimated to increase individual income taxes by \$6.4 billion in 1986 and \$7.2 billion in 1987.

Corporation income taxes.—Corporation income tax receipts are estimated at \$66.6 billion in 1984 and \$76.5 billion in 1985. These estimates reflect the Accelerated Cost Recovery System and other provisions of ERTA, which are estimated to reduce corporation income tax receipts in 1984 and 1985 by \$22.1 billion and \$31.6 billion, respectively. The tax revisions and improvements in tax collection and enforcement provided in TEFRA add \$17.2 billion to corporation income tax receipts in 1984 and \$19.1 billion in 1985.

Corporation income tax receipts in 1986 and 1987 are estimated at \$87.9 billion and \$97.9 billion, respectively. These estimates reflect net reductions of \$14.2 billion in 1986 and \$12.8 billion in 1987 due to enactment of ERTA and TEFRA. The administration's proposals are expected to increase corporation income taxes in 1986 and 1987 by \$1.9 billion and \$3.1 billion, respectively.

Social insurance taxes and contributions.—This category includes social security and railroad retirement taxes, unemployment insurance taxes and deposits, and other retirement contributions.

Receipts from this source are expected to be \$239.5 billion in 1984 and \$270.7 billion in 1985. These estimates reflect the increases in social security coverage and tax rates, and other changes provided in the Social Security Amendments of 1983. These Amendments are estimated to increase social insurance taxes and contributions by \$8.5 billion in 1984 and \$9.4 billion in 1985. The changes provided in ERTA, TEFRA, and the Railroad Retirement

Revenue Act of 1983 are estimated to increase social insurance taxes and contributions by an additional \$4.0 billion in 1984 and \$4.5 billion in 1985. Scheduled increases in the social security taxable earnings base from \$35,700 in 1983 to \$37,800 in 1984 and to \$39,300 in 1985 also are reflected in these estimates.

The estimates for 1986 and 1987 are \$297.8 billion and \$324.1 billion, respectively. These estimates reflect the legislated increases in the combined employer-employee social security tax rate provided in the Social Security Amendments of 1983 and annual increases in the taxable earnings base to \$43,800 in 1987. The increases in social insurance taxes and contributions provided in ERTA, TEFRA, and the Railroad Retirement Revenue Act add \$4.7 billion to receipts in 1986 and \$4.5 billion in 1987.

Excise taxes.—Excise taxes are levied on a variety of products, services, and activities. Receipts from these taxes are estimated at \$38.2 billion in 1984 and \$38.4 billion in 1985. These estimates include the windfall profit tax, which is estimated at \$9.5 billion in 1984 and \$8.2 billion in 1985. The estimates also reflect enactment of ERTA, which reduces excise taxes by \$0.4 billion in 1985. TEFRA, which increased excise taxes on airport and airway users, cigarettes, and telephone service, increases excise taxes in 1984 and 1985 by an estimated \$4.9 billion and \$5.7 billion, respectively. The 5 cent per gallon increase in the excise tax on gasoline and diesel fuel, and other provisions of the Highway Revenue Act of 1982, add an additional \$5.2 billion to excise taxes in 1984 and \$5.7 billion in 1985.

The estimates for 1986 and 1987 are \$34.1 billion and \$33.4 billion, respectively. These estimates include \$6.8 billion from the windfall profit tax in 1986 and \$6.1 billion in 1987. They also reflect a net increase of \$7.6 billion in 1986 and \$7.2 billion in 1987 due to the provisions of ERTA, TEFRA, and the Highway Revenue Act.

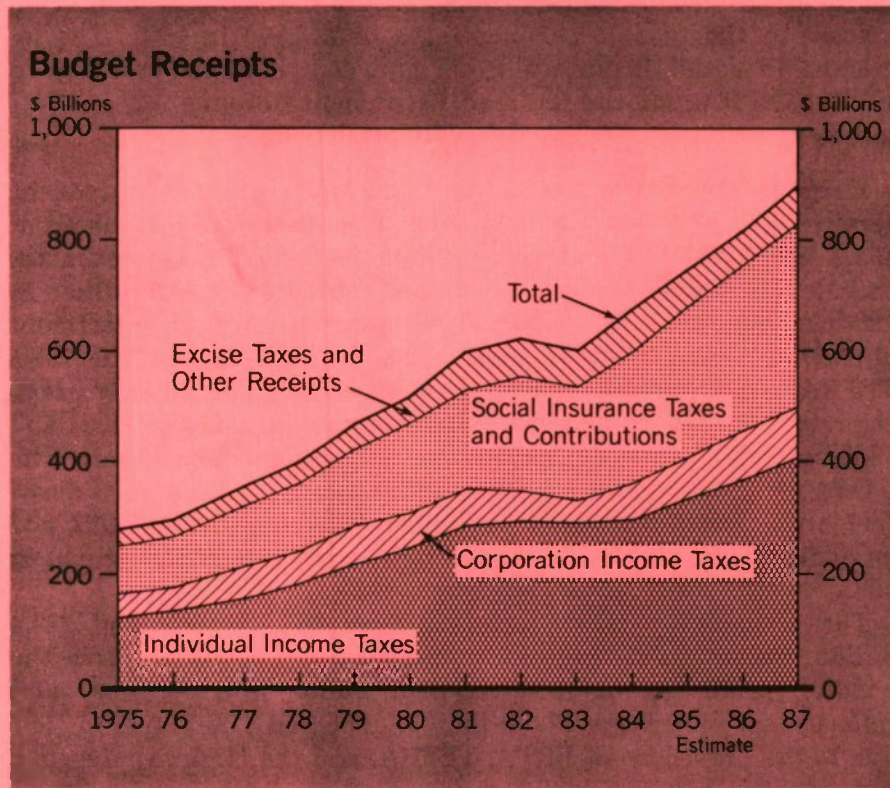
Estate and gift taxes.—Estate and gift taxes are estimated at \$5.9 billion in 1984, \$5.6 billion in 1985, \$5.1 billion in 1986, and \$4.6 billion in 1987. These estimates reflect reductions due to enactment of ERTA and partially offsetting increases due to enactment of TEFRA.

Other receipts.—Customs duties and miscellaneous receipts (almost all of which are deposits of earnings by the Federal Reserve System) are estimated to total \$26.6 billion in 1984, \$25.4 billion in 1985, \$25.9 billion in 1986, and \$26.1 billion in 1987.

Proprietary receipts.—In addition to budget receipts, the Government receives significant proprietary income from the public. This income is derived from various market-oriented activities and takes

the form of interest, rents, royalties, and the sale of Government property, products, and services. Because this income arises from business-type transactions rather than from taxation, it is treated as an offset to related outlays and budget authority rather than as budget receipts. Proprietary receipts from the public are explained further in Part 7 and are shown in Table 15 of Part 9.

[Insert chart: BUDGET RECEIPTS, 1975-1987]



PART 5

MEETING NATIONAL NEEDS:
THE FEDERAL
PROGRAM BY FUNCTION

5-1

Pages 5-8 through 5-47, 5-161 and 5-162 of this section have been extracted in their entirety and reprinted herein.

The entire section may be referred to on pages 5-1 through 5-164 of "The Budget of the United States Government" (small book).

NATIONAL DEFENSE

The objective of our national defense program is to protect the Nation and its allies from foreign aggression. We seek to maintain peace by preventing war. However, we must be prepared to defend ourselves successfully, should war occur. Deterring foreign threats to our vital interests and those of our allies and friends depends on the maintenance of a full range of defense capabilities. These include: strategic nuclear capabilities; maritime strength; strong, forward-deployed forces in Europe and other areas critical to our defense; and the ability to deploy rapidly and sustain our military forces worldwide.

U.S. defense policies are designed to deter war by maintaining nuclear and conventional forces sufficient to convince any potential adversary that the cost of aggression would not justify an attack. Should deterrence fail, we must have sufficient strength to defeat the attack and achieve our national objectives, while minimizing the scope and intensity of the conflict.

The budget proposes \$313.4 billion in budget authority and \$272.0 billion in outlays for the national defense function in 1985. The accompanying table shows budget authority and outlays for the three major national defense components: military functions of the Department of Defense, atomic energy defense activities, and defense-related activities of other agencies.

Department of Defense-Military.—The \$46.8 billion increase in budget authority requested for the Department of Defense in 1985 reaffirms the administration's commitment to provide the military strength needed to ensure the nation's security. In the face of large improvements in Soviet military capabilities, U.S. forces must be strengthened to meet the Soviet challenge and to protect our national interests. This requires that we continue efforts to:

- modernize all components of U.S. strategic forces to ensure their ability to deter a nuclear attack, and to survive and retaliate should an attack occur;
- improve the Nation's ability to respond militarily to crises anywhere in the world;
- maintain sufficient maritime strength to ensure our ability to deploy U.S. forces to critical regions overseas to protect our interests, support our allies, and ensure continued access to essential resources;
- maintain alliances and coalitions to protect U.S. interests worldwide and in particular to achieve NATO objectives; and
- improve the readiness and combat endurance of conventional forces and modernize the equipment of these forces.

Achievement of these objectives requires sustained increases in defense resources over the coming years.

Fiscal year 1984 supplemental.—The administration will propose 1984 supplemental appropriation requests for costs associated with military operations in Lebanon and Grenada, and with revised health benefits, social security taxes, and disability compensation for defense employees.

Budget authority requested for the Department of Defense-Military is shown by mission category in the following table and discussed below.

Strategic forces.—Since October 1981, the administration has vigorously pursued a program of strategic modernization consistent with a policy of deterrence. The budget continues efforts to modernize our nuclear forces. Only by establishing modern, capable U.S. forces do we create the necessary incentives for the Soviet Union to negotiate genuine arms reductions.

The budget includes a high-priority development program for a small land-based missile. Deployment of the Peacekeeper (MX) missile is essential to maintaining effective deterrence. The 1985 budget includes funds for continued MX research and development, production of the missile, and modifications to the Minuteman silos that will hold the new missiles. Also included in the 1985 program is an authorization request for the twelfth Trident submarine and the initial funding for Trident II missile production.

Modernization of our bomber force requires deployment of air-launched cruise missiles (ALCMs), first on B-52's and later on B-1B's. In 1985, the first B-52H's will be modified to carry these missiles, which are already deployed on B-52G's. The budget also provides for the procurement of 34 B-1B multi-role bombers and for continued development of an advanced technology (stealth) bomber. Procurement of support equipment and engines to modify KC-135A tanker aircraft will expand our aerial refueling capability.

Funding is provided for a range of technology initiatives to explore possibilities of eliminating the threat of ballistic missile attack. These initiatives include expanded efforts in directed energy technology; surveillance, acquisition, and tracking; and high velocity missiles. The budget also proposes continued development of an antisatellite system, and improvements in our strategic command, control, communications, and intelligence systems.

General purposes forces.—General purpose forces, which deter or counter non-nuclear military aggression, must be able to respond effectively to the most demanding of potential conflicts—a war between NATO and the Warsaw Pact—while retaining the flexibility to meet other threats to U.S. interests. Under the budget proposals, the following active forces will be supported: 17 Army divisions, 3 Marine divisions, 3 marine airwings, 26 wings of Air Force tactical aircraft, and 545 deployable battle force ships (including strategic missile submarines and support ships).

NATIONAL DEFENSE

(Functional code 050; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Department of Defense—Military:					
Military personnel:					
Including accruals ¹	(61,050)	(65,077)	67,832	70,118	71,844
Excluding accruals	45,688	48,574			
Retired military personnel: ²					
Existing law	16,155	16,795			
Proposed legislation		—243			
Operation and maintenance	66,540	70,941	80,927	90,603	100,126
Procurement	80,355	85,996	107,586	125,959	137,000
Research, development, test and evaluation	22,798	26,868	33,985	37,797	38,426
Military construction	4,512	4,521	7,158	9,989	10,620
Family housing	2,712	2,674	3,161	3,821	4,235
Revolving funds and other	1,103	2,551	1,795	3,103	3,092
Offsetting receipts	—389	—526	—698	—713	—721
Allowance for civilian pay raises			620	2,264	3,934
Allowance for military pay raises and benefits			2,467	6,883	10,932
Other legislation			168	—186	—273
Subtotal, Department of Defense—Military:					
Including accruals ¹	(238,681)	(258,102)	305,000	349,637	379,214
Excluding accruals	239,474	258,151			
Atomic energy defense activities	5,718	6,712	7,806	8,723	9,173
Defense-related activities	642	452	569	622	700
Total, budget authority ³	245,835	265,316	313,375	358,982	389,087

The 1985 budget proposes budget authority of \$128.2 billion for general purpose forces, a 29% increase over 1984, in part because of a shift in retirement costs. The request provides for strengthening our forces—including rapid deployment forces—by increasing combat readiness and by fielding new and improved equipment.

Army general purpose forces.—The 1985 budget supports the continued acquisition of systems designed to improve the firepower, tactical mobility, and survivability of our forces. Procurement of 720 M-1 Abrams tanks, 710 Bradley Fighting Vehicles, and other modern fighting vehicles will support our armored combat capability. In 1985 the Army's new AH-64 Apache attack helicopter will enter service, and funds are requested for procurement of 144 additional AH-64's, and for continued procurement of assault support helicopters, such as the UH-60 Blackhawk. The budget also supports development of a new family of light rotorcraft (LHX) to perform scout, utility, and attack missions, as replacements for existing helicopters now approaching the end of their useful service lives.

The Army's conventional forces require a balanced mix of air defense systems including shorter-range systems such as the Sting-

NATIONAL DEFENSE—Continued

(Functional code 050; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Department of Defense—Military:					
Military personnel:					
Including accruals ¹	(60,885)	(64,543)	67,324	69,744	71,493
Excluding accruals.....	45,523	48,040			
Retired military personnel: ²					
Existing law.....	15,945	16,748	20		
Proposed legislation.....		—243			
Operation and maintenance.....	64,915	68,539	76,854	86,564	95,881
Procurement.....	53,624	64,450	77,576	91,232	106,688
Research, development, test and evaluation.....	20,554	25,157	30,458	34,707	37,002
Military construction.....	3,524	4,072	4,908	6,307	8,226
Family housing.....	2,126	2,578	2,865	3,262	3,731
Revolving funds and other.....	—810	2,186	1,894	1,835	2,401
Offsetting receipts.....	—389	—526	—698	—713	—721
Allowance for civilian pay raises.....			610	2,236	3,905
Allowance for military pay raises and benefits.....			2,421	6,812	10,867
Other legislation.....			168	—186	—273
Subtotal, Department of Defense—Military:					
Including accruals ¹	(204,429)	(230,998)	264,400	301,800	339,200
Excluding accruals.....	205,012	231,000			
Atomic energy defense activities.....	5,171	6,002	7,133	8,179	8,746
Defense-related activities.....	301	546	507	571	649
Total, outlays ⁴	210,484	237,548	272,040	310,550	348,595
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Defense production:					
Budget authority.....	1	3	5	5	4
Outlays.....	1	3	5	5	4

¹ The accounting for military retired pay is shifted to an accrual basis beginning in 1985. The italicized figures for 1983 and 1984 shown in parentheses are what would have been shown if the accounting had been done on an accrual basis in these years.

² Beginning in 1985, the cash payments for retired military personnel are included in the income security function. The accruals for retired military personnel in 1985-87 are included in the military personnel line above. When using the imputed accruals for 1983 and 1984 shown above, the cash retirement benefits should be shifted from this function to the income security function. A more detailed discussion of the changes in military retirement is in the Introduction to Part 5.

³ See Table 6 in Part 9 for functional totals adjusted for military retirement accruals.

⁴ See Table 22 in Part 9 for functional totals adjusted for military retirement accruals.

er and Chaparral missiles, the Sergeant York gun to defend elements of deployed divisions near the front lines, and longer-range systems like Patriot and Hawk missiles to defend larger, more widely dispersed areas of the battlefield. Beginning in 1985, the Patriot missile will be fielded with U.S. Army units in Europe, where it will form the backbone of NATO's future air defense system. The 1985 program also supports deployment of additional Pershing II ballistic missiles in Europe as part of NATO's long-range tactical and nuclear force modernization.

Emphasis continues to be placed upon realistic unit training and greater participation of rapid deployment force units in service-wide exercises. Funding for spare parts and depot repair work

MISSION CATEGORIES: DEFENSE, MILITARY

(Functional code 051; in billions of dollars)

Major missions and programs	Budget authority				
	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Strategic forces ¹	19.7	26.3	31.6	33.9	32.7
General purpose forces.....	98.8	99.7	128.2	151.0	168.7
Intelligence and communications.....	17.3	20.1	25.8	28.7	30.9
Airlift and sealift.....	4.3	5.6	7.5	9.6	9.6
Guard and reserve.....	12.1	12.9	16.5	19.0	21.8
Research and development ²	18.7	21.4	27.0	30.5	32.0
Central supply and maintenance.....	21.6	22.5	26.5	29.3	32.1
Training, medical, and other general personnel activities ³	42.2	44.2	35.6	40.1	43.4
Administration and associated activities.....	4.1	4.8	5.6	6.6	7.1
Support of other nations.....	.7	.7	.7	.9	.9
Total, budget authority.....	239.5	258.2	305.0	349.6	379.2
Prior-year funds and other financial adjustments.....	— .8	.9	.7	.7	.7
Total obligational authority.....	238.7	259.1	305.7	350.3	379.9

¹ Excludes strategic systems development included in the research and development category.² Excludes research and development in other program areas on systems approved for production.³ Military retired pay is included in training, medical and other general personal activities through 1984. In 1985 and later years, military retired pay is funded on an accrual basis with costs distributed to all mission categories.

makes an essential contribution to meeting readiness objectives. The ability to sustain our forces in conventional combat requires adequate levels of supplies and replacement equipment and ammunition.

Improvements in the structure of Army heavy divisions are underway and efforts are being initiated to improve the combat capability and the ease and speed of deployment of our light forces. The overall number of active divisions will increase from 16 to 17, within planned manpower and equipment resources. The new division will be smaller, lighter, and will require less strategic air- or sea-lift than our current infantry divisions.

Navy general purpose forces.—These forces must provide a deterrent to military aggression both in peacetime and during crises. Should deterrence fail, they must be able to defend the sea lines of communication over which critical U.S. reinforcements and resupply must travel to forward theaters. They must also be able to conduct offensive operations against Soviet naval forces and facilities, if necessary.

To continue to counter military threats we must further modernize our naval weapons systems and increase our force levels. The Navy's deployable battle force (including strategic missile submarines and support ships) will increase from 525 ships in 1984 to 545 in 1985, and will reach the administration's goal of 600 by the end of the decade. Navy plans for 1985-1989 include modernizations to extend the service life of two aircraft carriers now in use; modern-

izing amphibious assault forces; and reactivating the remaining two Iowa-class battleships. New shipbuilding planned for the same period includes 13 AEGIS cruisers, 14 guided missile destroyers, 20 attack submarines, 30 support ships, and 25 minesweepers.

Active naval aviation forces are an integral part of naval general purpose forces. They will consist of 16 tactical airwings (13 Navy and three Marine Corps), 24 land-based patrol squadrons, and various support aircraft. To maintain and modernize these forces, the budget provides funding for continued production of F-14 and F/A-18 aircraft for the tactical airwings, and the P-3C long-range patrol aircraft and SH-60B helicopter for anti-submarine warfare.

There has been a marked improvement in naval readiness. Since January 1981, the proportion of ships in the fleet rated "combat operationally ready" has increased by 13 percentage points. Contributing to this increase have been an improvement in recruiting and retention of personnel and increased funding for spare parts and other maintenance programs. Further improvements in readiness will result from shifting the funding of certain Navy aircraft spare parts (depot level reparable) from procurement appropriations to operations appropriations, where the funds will be under the control of operational commanders.

Realizing the full potential of the investment in naval ships and aircraft requires highly trained crews. Navy tactical aircraft pilots will average about 288 flying hours in 1985, up from 276 hours in 1984. Ship steaming hours are projected to increase by more than 3%.

Naval ordnance inventories have nearly doubled over the last three years, increasing combat endurance. Special attention has been paid to meeting requirements for torpedoes, surface-to-air and air-to-air missiles, and anti-ship cruise missiles.

Air force general purpose forces.—Tactical air forces consist of fighter and attack aircraft and a variety of special-purpose aircraft that support them in combat. Their role is to respond rapidly to aggression by quickly destroying enemy targets and by providing an air defense umbrella for our combat forces. In 1985, the Air Force plans to procure 48 F-15s and 150 F-16s. In addition, the 1985 program continues funding for a new variant of the F-15 or F-16 that will have ground-attack capabilities. This aircraft will significantly improve the range/payload capability of our tactical forces as well as their ability to operate at night and in adverse weather. Selection of an F-15 or F-16 derivative for development should occur in 1984. In addition, there are several ongoing weapons development programs, such as the Advanced Medium-Range air-to-air missile (AMRAAM), to improve the combat capability of our aircraft.

The budget request provides for procurement of additional TR-1 aircraft for high-altitude standoff reconnaissance and surveillance, and includes funds for highly accurate, precision-guided tactical bombs and missiles. The ground-launched cruise missile is being procured as part of NATO's long-range nuclear force modernization. Deployment of the cruise missile in Europe will continue in 1985.

The U.S. fighter force consists of 26 active wings. In addition to the ongoing modernization program, the budget supports continued improvements to readiness through emphasis on spare parts purchases and through increased flying hours and more realistic training for aircrews. In 1985, Air Force tactical aircraft pilots will average about 240 flying hours. Joint service exercises, in which Air Force, Navy, and Marine Corps units conduct integrated operations, increase the combat proficiency of our crews.

Intelligence and Communications.—In order to employ our weapon systems and forces effectively, we must have the means to direct them in accordance with national policy and military strategy. Information on both friendly and hostile or potentially hostile forces must be gathered and evaluated and decisions made. Decisions and operational orders, in turn, must be communicated to the appropriate forces.

The budget provides for improvement in the execution of these functions by emphasizing development and modernization in such areas as command centers, sensors, computers, satellites, and other communication links. These improvements will be applied throughout five broad mission areas: strategic and non-strategic nuclear force management; theater and tactical force management; worldwide information and communication systems; electronic warfare; and intelligence.

Airlift and sealift forces.—In order to assure a forward defense with limited peacetime presence, we must have the ability to deliver military personnel and combat equipment rapidly to crisis areas anywhere in the world and to sustain them once deployed. The budget reflects an expansion of our airlift capacity through procurement of 10 additional C-5B and 8 additional KC-10 cargo aircraft, and through the Civil Reserve Air Fleet (CRAF) enhancement program whereby civilian passenger and cargo aircraft will be available to augment military airlift forces during an emergency. In addition, the budget continues efforts to improve existing aircraft and increase capacity through modifications. Sealift capabilities will be strengthened by modification of container ships for the ready reserve force.

Prepositioning of equipment and materials near potential trouble spots is critical to our ability to sustain deployed forces in distant

areas. Under the Prepositioning of Material Combined in Unit Sets (POMCUS) program, the Army has prepositioned heavy equipment for 4 Army divisions and supporting units in Europe and is acquiring equipment for two more divisions.

National Guard and Reserves.—U.S. defense planning relies heavily on the ability of reserve components to respond quickly in times of crisis. The 1985 budget reflects the continuing trend of improvement in guard and reserve manning, training, and equipment. The reserve components—the Army Reserve, Army National Guard, Naval Reserve, Marine Corps Reserve, Air Force Reserve, and Air National Guard—have experienced significant manning improvements in recent years. Selected reserve manpower is projected to reach 1,103,696 by the end of 1985, a 5.0% increase over 1984. Guard and reserve forces will continue to be improved through the continued introduction of modern equipment including M-1 tanks, F-16 aircraft and Perry-class guided missile frigates. The Air Force Reserve will establish its first military airlift squadron equipped with C-5A's.

Research and development.—New and improved weapon systems must be developed and tested in response to changing requirements for military equipment. At the same time, a strong research and technology base must be maintained for purposes of longer-term weapon development. An increase of 26% in budget authority for research and development is proposed for 1985, with a continuing emphasis on strategic programs. Major strategic efforts, described earlier, include the Peacekeeper and Trident II missiles, the B-1B and advanced technology bombers, and the new strategic defense initiative. Tactical development efforts include new Army helicopters, a new attack submarine, and an advanced air-to-air missile.

Training, medical, and other general personnel activities.—General personnel activities include the provision of training and medical services for active duty personnel and benefits for retired military personnel. The 1985 budget request continues improvements to individual training begun several years ago. High priority is being placed on training and facilities required to develop team proficiency and cohesion of operational units.

Military personnel and compensation.—The budget proposes a military pay raise of 5.5% effective January 1985. Increases in military compensation and improvements in the quality of service life have helped considerably in attracting and retaining qualified personnel. Over the last few years there have been significant improvements in the manning of our armed forces. In terms of recruiting and retention, last year was one of the best in the past decade. Test scores and educational levels of recruits exceed those

of the civilian youth population. Continued improvements in retention have resulted in a career force that is growing in size, experience, and quality.

The Fifth Quadrennial Review of Military Compensation (QRMC) has proposed changes to special and incentive pay programs for military personnel and to the military retirement system. These proposals are being reviewed, and it is anticipated that legislation will be forwarded to the Congress upon completion of this review.

The budget reflects a change in the accounting treatment of military retired pay. In prior years, the defense budget reflected only the benefits paid to personnel who were already retired. Beginning in 1985, these payments are reflected in the income security function. The defense budget reflects the accruing cost of future retirement benefits currently being earned by personnel on active or reserve duty during the budget year. A military retirement trust fund has been established, to which amounts equal to the estimated accruals are paid and from which benefit payments are made. This system is more consistent with private sector pension practices and with the way in which other Federal retirement programs are presented in the budget.

Management initiatives.—The administration seeks to strengthen the U.S. defense posture in the most efficient manner possible. This requires that management throughout the Department of Defense be improved. The administration will continue efforts to improve weapons systems acquisition through multi-year procurement; realistic budgeting of costs; and cancellation of lower priority or marginal programs. Competition will be emphasized as a means to keep costs down, improve quality, speed innovation, and strengthen the defense industrial base.

A program has been initiated to end price abuses in our spare parts program. As part of this effort, the Defense Contract Audit Agency (DCAA) has been directed to work with the contract administration offices of the military departments and defense agencies to strengthen spare parts pricing procedures and to assist in the negotiations of major spare parts purchases.

Legislation will be proposed to establish reimbursement procedures for the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) similar to those enacted in 1983 for Medicare. This will lead to substantial savings and will also simplify the processing of claims. Another proposal will allow the Government to seek reimbursement from private medical insurers for care provided to their beneficiaries in military hospitals and clinics.

The 1983 defense authorization act established an Inspector General for the Department of Defense. In cooperation and coordination with the military departments, the Inspector General has

SUMMARY OF ACTIVE MILITARY PERSONNEL AND FORCES

(Year end—i.e., as of September 30)

	1983 actual	1984 estimate	1985 estimate
Military personnel (in thousands):			
End strength:			
Army	780	780	781
Navy	558	565	575
Marine Corps	194	197	200
Air Force	592	595	610
Total, Department of Defense	2,123	2,136	2,166
Average strength:			
Army	778	781	780
Navy	552	558	571
Marine Corps	196	196	199
Air Force	590	597	605
Total, Department of Defense	2,117	2,132	2,154
Strategic forces:			
Intercontinental ballistic missiles:			
Minuteman	1,000	1,000	1,000
Titan II	42	31	23
Poseidon-Trident	568	616	640
Strategic bomber squadrons	21	21	21
General purpose forces:			
Land forces:			
Army divisions	16	16	17
Marine Corps divisions	3	3	3
Tactical air forces:			
Air Force wings	26	26	26
Navy attack wings	12	13	13
Marine Corps wings	3	3	3
Naval Forces:			
Attack and multipurpose carriers	13	13	13
Battleships	1	2	2
Nuclear attack submarines	93	93	96
Other warships	199	204	211
Amphibious assault ships	61	59	59
Airlift and sealift forces:			
C-5A airlift squadrons	4	4	4
Other airlift squadrons	13	13	13
Sealift fleet	75	77	92

initiated a full-scale effort to search out waste, fraud, and abuse. Other management improvements will result from reforms that support and encourage many of the acquisition initiatives discussed above.

Tax expenditures.—The exclusion from taxable income of housing and meals for military personnel, provided either in cash or in-kind, results in a tax expenditure estimated at \$2.5 billion in 1985. In addition, disability pensions received by current military retirees are largely excluded from taxable income, resulting in a tax

expenditure estimated at \$125 million for 1985. Thus, tax expenditures for national defense total \$2.6 billion in 1985.

Atomic energy defense activities.—These activities include research, development, testing, and production of nuclear weapons; production of special nuclear materials; storage of nuclear wastes from defense programs, and design of reactors for nuclear-powered Navy vessels. They are conducted outside the Defense Department by the Department of Energy, in conjunction with the civilian energy and science programs. The accompanying table shows the funding levels for these programs. In total, budget authority of \$7.8 billion is requested for 1985, compared to \$6.7 billion for 1984. Outlays are estimated to increase from \$6.0 billion in 1984 to \$7.1 billion in 1985.

The nuclear weapons program involves the design, research, development, testing, and production of nuclear warheads for the nuclear weapons stockpile, including quality control and periodic inspection of the finished devices. Funding levels proposed for 1985 provide for increased missiles warhead production for current and new weapon systems, and for increased production of special nuclear material for use in these warheads.

The defense nuclear waste management program provides interim storage for all defense nuclear wastes. The program also supports research to develop technology for isolation and permanent storage of these wastes.

The naval reactor development program includes the research and development, design, procurement, and testing of prototype reactors for current and future naval vessels.

Other atomic energy defense and research and development programs involve security at defense nuclear facilities, security investigations, and arms control and verification technology development.

Defense-related activities.—Activities of civilian departments and agencies that support national defense include emergency management, maintenance of strategic stockpiles, and the Selective Service System.

The defense-related functions of the Federal Emergency Management Agency provide for the Nation's civil defense, mobilization, and other preparedness programs, and involve outlays estimated at \$339 million in 1985. The civil defense program is responsible for maintaining an ability to respond effectively to all types of emergencies, including natural disasters.

To meet our needs for materials that might be unavailable during wartime, the General Services Administration stockpiles strategic and critical materials. Sales of \$78 million and purchases of \$120 million are proposed in 1985 to restructure the stockpile to

ATOMIC ENERGY DEFENSE ACTIVITIES

(Functional code 053; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Weapons research, development, test, and production	3,344	3,767	4,543	5,024	5,319
Weapons materials production and waste management	1,827	2,303	2,617	3,029	3,156
Naval reactor development	418	493	497	529	556
Other research programs	129	149	174	193	196
Management savings (undistributed)			-25	-52	-54
Total, budget authority	5,718	6,712	7,806	8,723	9,173
OUTLAYS					
Weapons research, development, test, and production	2,963	3,386	4,088	4,563	4,959
Weapons materials production and waste management	1,663	2,018	2,351	2,958	3,107
Naval reactor development	410	471	548	536	541
Other research programs	135	151	174	188	193
Management savings (undistributed)		-24	-28	-66	-54
Total, outlays	5,171	6,002	7,133	8,179	8,746

Note: 1984 figures include a proposed supplemental.

reflect current requirements. The 1985 request shows a change in accounting treatment to a revolving fund approach.

The Selective Service System is responsible for maintaining a standby capacity to meet defense personnel requirements during an emergency national mobilization. The budget includes estimated outlays of \$28 million in 1985. The budget request provides for improving the Selective Service System's mobilization capability, including recruiting and training of appeal board members, strengthening national registration, and continuing non-registrant prosecution programs to ensure compliance with the law.

Credit programs.—Defense production guarantees of \$25 million committed in 1982 continue to be disbursed through the Federal Financing Bank. These guarantees assist private businesses in fulfilling defense production contracts.

CREDIT PROGRAMS—NATIONAL DEFENSE

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
National defense programs:					
Net outlays	-12		-1		
Outstandings	2	2	1	1	1
National defense programs (loans made by FFB):					
Net outlays ¹	1	3	5	5	4
Outstandings	1	4	9	14	18
Guaranteed loans:					
National defense programs:					
Net change	-*	-*	-*		
Outstandings	*	*			

*500 thousand or less.

¹ These are guarantees by the agency for loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget.

INTERNATIONAL AFFAIRS

The Federal Government is responsible for protecting and advancing the interests of the United States and its people in international affairs. The predominant U.S. interest is promoting a world order that fosters peace, security and prosperity, in which individuals may enjoy political and economic freedom. International affairs expenditures proposed in this budget support U.S. foreign policy and national security objectives. For 1985, \$22.3 billion in budget authority is requested with outlays estimated to be \$17.5 billion. These compare with estimates for 1984 of \$23.0 billion in budget authority and \$13.5 billion in outlays. For 1985, total new direct loan obligations for international affairs are proposed to be \$11.1 billion, and total new guaranteed loan commitments are proposed to be \$10.3 billion.

The 1984 and 1985 budget amounts are affected by two special factors. First, the 1984 budget authority includes a payment of \$8.5 billion to increase the U.S. quota for the International Monetary Fund, which does not recur in 1985. Second, the 1985 amounts are increased by \$3.8 billion in budget authority and \$1.4 billion in outlays, because for the first time certain foreign military sales credit activities previously accounted for off-budget are brought onto the budget.

Foreign aid.—Two budget subfunctions—international security assistance and foreign economic and financial assistance—comprise foreign aid.

International security assistance.—Security assistance programs are vital instruments of United States national security and foreign policy, serving to strengthen allied and friendly governments where the United States has special security concerns. Through these programs, the United States assists other governments in strengthening their economies and in acquiring and using modern military equipment necessary for their defense. Security assistance also helps ensure U.S. access to military bases and facilities overseas. For 1985, overall security assistance budget authority of \$10.0 billion is proposed, and outlays are estimated to be \$7.8 billion.

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS

(Functional code 150; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Foreign aid:					
International security assistance:					
Military aid financing	1,558	1,825	5,915	6,052	6,181
Economic support fund	3,089	2,958	3,068	3,138	3,205
Assistance to Central America (proposed)		500	750	750	750
Other	78	110	389	409	484
Offsetting receipts	-137	-126	-117	-131	-209
Subtotal, international security assistance	4,589	5,267	10,004	10,218	10,412
Foreign economic and financial assistance:					
Multilateral development banks	1,537	1,644	1,236	1,287	1,287
International organizations	270	318	242	236	200
Agency for International Development	1,861	1,905	2,049	2,092	2,111
Public Law 480 food aid	1,028	1,052	1,319	1,300	1,288
Peace Corps	109	115	116	118	120
Refugee assistance	375	338	341	332	322
Compact of Free Association (Micronesia) (proposed)			295	143	145
Other	65	83	95	97	100
Offsetting receipts	-534	-495	-496	-597	-647
Subtotal, foreign economic and financial assistance	4,711	4,960	5,198	5,007	4,926
Total, foreign aid	9,300	10,227	15,202	15,225	15,338
Conduct of foreign affairs:					
Administration of foreign affairs	1,272	1,378	1,600	1,707	1,734
International organizations and conferences	519	580	588	561	605
Other	45	57	71	68	70
Subtotal, conduct of foreign affairs	1,837	2,014	2,259	2,337	2,409
Foreign information and exchange activities	681	787	952	1,069	1,226
International financial programs:					
Export-Import Bank		2,250	3,913	3,397	2,978
Foreign military sales trust fund (net)	-4,550	-700	100	400	500
International monetary programs		8,464			
Offsetting receipts	-82	-84	-88	-87	-89
Subtotal, international financial programs	-4,632	9,931	3,925	3,710	3,389
Total, budget authority	7,186	22,959	22,338	22,341	22,362

Military aid financing.—This program, which includes the foreign military sales credit program and the military assistance grant program, enables foreign governments to purchase U.S. military equipment, training, and design and construction services for their security needs. In the face of continuing challenges to U.S. interests and economic difficulties in many parts of the world, the budget provides for a substantial increase in grants and a plan for

NATIONAL NEED: CONDUCTING INTERNATIONAL RELATIONS—Continued

(Functional code 150; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
OUTLAYS					
Foreign aid:					
International security assistance:					
Military aid financing.....	1,011	2,151	3,694	5,222	5,944
Economic support fund.....	2,676	2,900	3,050	3,000	3,100
Assistance to Central America (proposed).....		300	800	675	750
Other.....	205	292	347	381	396
Offsetting receipts.....	-137	-126	-117	-131	-209
Subtotal, international security assistance.....	3,755	5,516	7,775	9,147	9,982
Foreign economic and financial assistance:					
Multilateral development banks.....	1,242	1,513	1,452	1,273	1,502
International organizations.....	219	321	256	243	250
Agency for International Development.....	1,657	1,753	1,872	1,973	2,033
Public Law 480 food aid.....	992	1,052	1,319	1,300	1,288
Peace Corps.....	110	114	115	117	119
Refugee assistance.....	319	356	363	338	329
Compact of Free Association (Micronesia) (proposed).....			295	143	145
Other.....	-45	-13	-7	8	8
Offsetting receipts.....	-534	-495	-496	-597	-647
Subtotal, foreign economic and financial assistance.....	3,960	4,601	5,170	4,797	5,027
Total, foreign aid.....	7,715	10,117	12,945	13,944	15,009
Conduct of foreign affairs:					
Administration of foreign affairs.....	1,243	1,402	1,545	1,504	1,718
International organizations and conferences.....	482	593	588	560	604
Other.....	42	59	71	69	70
Subtotal, conduct of foreign affairs.....	1,766	2,054	2,204	2,133	2,392
Foreign information and exchange activities.....	602	770	911	1,088	1,248
International financial programs:					
Export-Import Bank.....	578	1,724	1,635	789	458
Special defense acquisition fund.....	-439	-78	104	105	25
Foreign military sales trust fund (net).....	-776	-800		100	
International monetary programs.....	150				
Other.....	-520	-201	-218	-216	-200
Offsetting receipts.....	-82	-84	-88	-87	-89
Subtotal, international financial programs.....	-1,089	561	1,432	691	194
Total, outlays.....	8,995	13,502	17,492	17,855	18,842
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Overseas Private Investment Corporation:					
Outlays.....	-5	-6	-5	-5	-1
Foreign military sales credit:					
Budget authority.....	3,553	4,313	2,770	700	194
Outlays.....	2,858	3,631	1,964	-329	-1,024
Total:					
Budget authority.....	3,553	4,313	2,770	700	194
Outlays.....	2,852	3,625	1,958	-334	-1,024

concessional loans for the procurement of U.S. military goods and services, using an assumed interest rate of 5%. In addition, the 1985 budget includes the shift of off-budget foreign military sales credit loans from the Federal Financing Bank to on-budget status. By making this change the budget reflects more accurately the entire military aid financing program. This accounts for the large increase in budget authority for military aid financing from the 1984 level of \$1.8 billion to \$5.9 billion as requested for 1985. However, total obligations including on and off-budget amounts would actually decrease by over \$300 million in 1985, and new direct loan obligations are reduced from \$5.7 billion for 1984 to \$5.1 billion for 1985.

Economic Support Fund.—Through this program the United States makes loans and grants for general budget and balance of payments support and finances individual development projects for friendly governments where there are political and economic circumstances that bear on our ability to achieve important national security objectives. The proposed budget authority of \$3.1 billion for 1985 for this program includes \$378 million for direct loans and \$2.7 billion for grants. Budget authority for 1985 is \$110 million more than the amount enacted for 1984.

Assistance to Central America.—This new budget entry consists of the additional amount reserved for various kinds of military and economic assistance in support of friendly Central American countries that are experiencing social, political, economic and security problems. The indicated budget authority of \$500 million for 1984 and \$750 million for 1985 is for planning purposes. The increased assistance is the first part of a multiyear program to help foster and promote democratic, free market countries in the region. Once the recommendations of the National Bipartisan Commission on Central America have been reviewed and the administration's program for these countries has been fully developed, definite requests for 1984 and 1985 will be transmitted.

Other.—Security assistance also includes budget authority requested in 1985 of \$49 million for peacekeeping operations, \$61 million for international military education and training, \$5 million for anti-terrorism assistance, and \$274 million to replenish the guarantee reserve fund. This is the first year in which appropriations are being requested for the fund, the purpose of which is to make payments to the Federal Financing Bank for delinquent and rescheduled foreign military sales credit loans.

Foreign economic and financial assistance.—An important complement to security assistance is the achievement of international policy objectives through foreign economic and financial assistance

programs. These programs are designed to encourage the expansion of a market-oriented international economic system and to help meet the development and humanitarian needs of developing countries. Budget authority requested for 1985 is \$5.2 billion, and outlays are estimated to be \$5.2 billion.

Multilateral development banks.—The United States contributes to the World Bank group of institutions and the three regional banks for Latin America, Asia and Africa. These institutions provided nearly \$20 billion of long-term loans and technical assistance in 1983 and promoted sound economic policies in recipient countries. Lending programs are funded through direct contributions of developed and some advanced developing members and through borrowing in world capital markets backed by callable capital, a means by which developed member governments guarantee repayment. Direct contributions and callable capital are provided in accord with multiyear international agreements to replenish the resources of each bank.

The 1985 request for the banks includes proposed budget authority of \$1.2 billion. Also, \$2.9 billion will be sought for callable capital under program limitations. Three-fifths of proposed budget authority will be used to make the first \$750 million installment to the seventh replenishment of the International Development Association. A first payment is also proposed to the Inter-American Investment Corporation, a new institution for lending for private sector enterprise in this hemisphere's developing countries. Remaining funds will be used to make authorized annual payments to ongoing bank replenishments. In 1984, an additional \$320 million in budget authority and \$795 million in callable capital is being requested to permit the United States to complete 1984 commitments to current replenishments left unfunded under the 1984 continuing resolution for foreign aid.

International organizations.—Voluntary contributions of \$242 million are proposed for several developmental, humanitarian and scientific programs carried out by the United Nations and other international organizations. The administration continues to believe that, useful as some of these programs may be, a higher priority must be afforded other foreign assistance activities accomplishing the same objectives.

Agency for International Development (AID).—AID carries out bilateral development assistance programs in more than 60 countries in Latin America, Africa and Asia. The agency also supports the overseas programs of U.S. private and voluntary organizations and assists development-related research activities in U.S. universities. Proposed budget authority for AID development programs for

1985 is \$2.0 billion, which includes \$434 million for new direct loan obligations. Principal objectives of bilateral development programs include supporting sound economic policies in recipient countries, utilizing the American and recipient country private sectors as vehicles for economic growth, enhancing the capacity of indigenous institutions in developing countries and increasing the use of science and technology in development.

The Africa initiative is a new, multiyear, international effort designed to provide special support to sub-Saharan African countries that, by their actions, have shown a willingness to address their deep-seated economic and financial problems. In 1985, \$75 million of budget authority is requested for initial U.S. participation. Beginning in 1986, the administration will propose that funds appropriated for the Sahel development program be merged with the functional development assistance program appropriations.

Public Law 480 food aid.—Through concessional loans for food imports and direct food distribution to the needy, food aid serves a wide range of policy objectives, including support of security objectives, economic development, export market development, and humanitarian relief. The budget includes a request of \$1.3 billion in budget authority for 1985, an increase of \$267 million from 1984. New direct loan obligations of \$867 million for 1985 are included in the requested budget authority. Assistance will be concentrated on the poorest developing countries and those of major importance to the United States. A significant portion of direct food donations will be devoted to meeting refugee and emergency relief needs.

Peace Corps.—The Peace Corps will continue to support nearly 5,000 volunteers in more than 50 countries worldwide. Budget authority of \$116 million is requested in 1985, continuing the program at its 1984 level.

Refugee assistance.—Due to the persistent needs of refugees in many parts of the world, the United States will continue its refugee assistance program at about the 1984 level. The 1985 budget provides \$341 million for refugee relief abroad, primarily in Africa, the Near East, Pakistan and Southeast Asia, and for the admission of up to 72,000 refugees into the United States, the same number as in 1984. Fifty thousand Indochinese are estimated to be admitted to the United States in both years. The additional assistance that refugees receive once they are settled in the United States is included in the income security function.

Compact of Free Association.—The people of the Federated States of Micronesia and the Marshall Islands have approved the Compact of Free Association negotiated by the United States and their governments. The President will soon transmit the Compact to the

Congress for enactment into law and will notify the United Nations Trusteeship Council of the impending change in status of the two states. The Compact binds the United States to make annual payments to the two states during the next fifteen years totaling \$2.2 billion to aid in their successful development as sovereign states. The administration will seek budget authority of \$295 million for 1985 to carry out the Compact and amend the request for funds included in the general government function to support current Trust Territory of the Pacific Islands arrangements upon enactment of the necessary authorizing legislation.

Conduct of foreign affairs.—These funds primarily cover the operating costs of the Department of State in administering United States foreign policy and provide contributions assessed by international organizations of which the United States is a member. Budget authority of \$2.3 billion is proposed for 1985, and outlays are estimated to be \$2.2 billion.

Administration of foreign affairs.—The administration's commitment to actively promote American interests abroad is reflected in the budget request for State Department operations. Personnel increases are requested to strengthen the Department's overseas reporting and analysis capability and to open several new diplomatic and consular posts. Additional staff are also provided to handle growing passport, consular, and administrative workload. Because the personal safety of United States Government personnel abroad and the protection of United States facilities overseas are important, security personnel and protective measures will be further enhanced in 1985. Funds are provided for the development and construction of needed office buildings and staff housing abroad. These improvements in the administration of foreign affairs increase proposed budget authority from \$1.4 billion in 1984 to \$1.6 billion in 1985.

International organizations and conferences.—The United States appreciates the importance to the world community of effective international organizations carrying out their objectives as determined by their charters. In order to do so, it is the strong belief of the United States that international organizations must be managed effectively and economically. Therefore, the United States plans to continue to maintain a restrictive budget policy that emphasizes the need to reduce administrative costs and to eliminate low priority and obsolete activities. Budget authority of \$588 million for 1985 is proposed. The recent decision of the United States to withdraw from the United Nations Educational, Scientific, and Cultural Organization is reflected in the 1986 and later estimates.

Foreign information and exchange activities.—The need to improve foreign understanding of American society and policies is reflected in the budget request of the United States Information Agency. This agency conducts academic and leader exchanges, broadcasts worldwide through the Voice of America radio in 42 languages, produces and disseminates media materials, holds seminars, and operates libraries and cultural centers in 127 countries. For 1985, an increase of \$183 million to \$849 million in budget authority is proposed for that agency. The most noteworthy element of that request is the administration's continuing effort to modernize and expand the Voice of America, the country's principal vehicle for communicating directly with the peoples of the world. Funds are included for initial work on new transmitter facilities, replacement equipment on existing facilities and for expanded broadcasts. The request also includes increases for other agency programs including the President's International Youth Exchange Program, academic and other exchange programs, Radio Marti (which broadcasts to the people of Cuba), the National Endowment for Democracy, and new efforts to use television to increase international understanding and foreign policy effectiveness.

The Board for International Broadcasting provides grants to Radio Free Europe/Radio Liberty, Inc. (RFE/RL), which broadcasts in 21 languages to Eastern Europe and the Soviet Union. Because of the strong dollar abroad and the completion of capital improvements in 1984, the 1985 request for the Board of \$100 million in budget authority will permit RFE/RL to continue the expanded 1984 level of operations.

International financial programs.—To assist in the steady growth of the international economy, the United States conducts programs to improve the functioning of the international financial system and to facilitate U.S. participation in world trade. For 1985, proposed budget authority is \$3.9 billion, and estimated outlays are \$1.4 billion for these programs. Particular attention has recently been focused on the impact on the U.S. and world economies of the international debt problem. Debt servicing problems of U.S. creditors are expected to increase Federal budget net outlays by \$3.1 billion in 1984 and \$2.7 billion in 1985.

Export-Import Bank.—The Bank provides direct loans, loan guarantees, and insurance to facilitate the export of U.S. goods and services. The administration has determined that \$3.83 billion shall be the direct loan limitation level for 1985. If extraordinary circumstances require it, the need for an increased authorization in the future will be reviewed. For loan guarantee commitments, a \$10.0 billion level is proposed for 1985. These levels will provide substantial room for growth in activity from actual 1983 levels which were

depressed by poor conditions in U.S. export markets. In addition, the administration's success in reducing official subsidies through improved international export credit agreements should permit increased participation by the private sector in export financing.

Special defense acquisition fund.—This fund finances the procurement of military equipment in advance of specific orders by foreign governments. As a result, equipment on order for U.S. military uses need not be diverted to meet pressing needs of foreign countries. For 1985, outlays are estimated to be \$104 million.

Foreign military sales trust fund (net).—Most sales of military equipment and services to foreign governments are made by the Federal Government. Resources in this trust fund come from payments by foreign governments that have purchased military goods and services from the United States. Outlays occur when payments are made to suppliers. This fund may show substantial outlays or receipts in a given year. These represent transactions on behalf of foreign governments and are not a drain on the U.S. taxpayer. Net budget authority for 1985 is expected to be \$100 million, while outlays net of receipts should equal zero for 1985.

Tax expenditures.—In an effort to encourage exports, taxes are deferred on a portion of the profits from the export sales of domestic international sales corporations (DISCs) and Americans working abroad are permitted to exclude substantial amounts of earned income and housing allowances from taxation. Tax expenditures resulting from DISCs and the foreign earned income exclusion are \$1.4 billion and \$2.2 billion, respectively, for 1985. In response to complaints by members of the European Community that DISC violates the General Agreement on Tariffs and Trade (GATT), the administration has proposed the creation of foreign sales corporations (FSCs) as a replacement for DISCs. FSCs would provide similar export incentives as DISCs in a manner more acceptable to GATT. An additional tax expenditure for international affairs of \$1.0 billion results from the deferral of income tax on the undistributed earnings of foreign corporations controlled by U.S. shareholders. Total tax expenditures for international affairs are \$4.7 billion in 1985.

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Foreign military sales credit:					
New obligations	1,175	1,315	5,115	5,233	5,345
Net outlays	-84	-75	554	2,055	2,790
Outstandings	226	152	706	2,761	5,551
Foreign military sales credit (loans made by FFB):					
New obligations ¹	3,932	4,401			
Net outlays	2,858	3,631	1,964	-329	-1,024
Outstandings	14,293	17,924	19,888	19,559	18,535
Economic support fund:					
New obligations	418	326	378	392	401
Net outlays	471	270	313	392	401
Outstandings	5,676	5,946	6,260	6,652	7,053
Development credit:					
New obligations	458	453	448	440	432
Net outlays	74	35	55	55	28
Outstandings	12,085	12,119	12,174	12,229	12,257
Development credit (loans held by FFB): ²					
Net outlays	-5	-6	-5	-5	-1
Outstandings	18	12	7	2	1
Public Law 480 food aid:					
New obligations	810	774	867	892	925
Net outlays	494	480	628	542	525
Outstandings	8,801	9,281	9,909	10,451	10,976
Export-Import Bank:					
New obligations	845	2,580	3,830	3,830	3,830
Net outlays	317	1,388	1,264	499	213
Other:					
Outstandings	16,883	18,271	19,535	20,034	20,247
New obligations	440	481	511	536	551
Net outlays	115	175	232	258	274
Outstandings	551	727	958	1,216	1,490
Total, direct loans:					
New obligations	8,078	10,329	11,149	11,323	11,483
Net outlays	4,240	5,898	5,005	3,466	3,206
Outstandings	58,534	64,432	69,437	72,903	76,109

CREDIT PROGRAMS—INTERNATIONAL AFFAIRS—Continued

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Guaranteed loans:					
Foreign military sales credit:					
Net change	-30	-68	40	244	420
Outstandings	227	159	199	443	864
Development credit:					
New commitments	232	250	300	305	305
Net change	127	188	237	165	136
Outstandings	1,232	1,420	1,657	1,822	1,958
Export-Import Bank:					
New commitments	8,524	10,000	10,000	10,000	10,000
Net change	-631	1,123	440	267	262
Outstandings	5,439	6,562	7,001	7,268	7,530
Total, guaranteed loans:					
New commitments	8,757	10,250	10,300	10,305	10,305
Net change	-533	1,243	716	676	818
Outstandings	6,898	8,141	8,857	9,533	10,351
Total credit budget (new obligations and new commitments)	16,835	20,579	21,449	21,628	21,788

¹ These are obligations made by the agency to guarantee loans that the FFB will disburse. In effect, they are obligations for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency. The totals for foreign military sales credit loans made by FFB in this table are not identical to the entries in the addendum to the National Needs table for off-budget Federal entities due to timing differences between budget authority and new obligations.

² The direct lending activities of the Overseas Private Investment Corporation are financed by the FFB. Loan assets are issued by the agency. According to law, these assets are backed by loans that the agency continues to service. The agency guarantees the loan assets, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for this account represent acquisition of loan assets less repurchases by the agency. Increases in the volume of sales of loan assets are added to the FFB direct loan outstandings, while the agency's direct loan outstandings decrease by the amount of loan assets sold to the FFB.

GENERAL SCIENCE, SPACE, AND TECHNOLOGY

Federal investments in general science and space programs are needed to ensure the future technological strength of the Nation.

The continued growth of scientific knowledge through basic research, the development of new technology, and the training of scientists and engineers are vital to sustained economic growth, to enhanced national security, and to continued improvement in the quality of life.

Most of the Federal investment in science and technology is reflected in research and development programs included in other budget functions that serve specific agency missions, such as health, defense, energy, and agriculture. The programs in this function have the goal of generally helping to ensure U.S. strength and leadership in science and space technology in the broad national interest. Included are all the programs of the National Science Foundation, the space programs of the National Aeronautics and Space Administration, and the general science programs of the Department of Energy. Proposed budget authority for the programs in this function is \$9.1 billion in 1985, an increase of 5.9% over 1984.

Common to the programs in this function is the support of basic research, accounting for more than one-third of the overall Federal funding for such research. Departments and agencies in other functions, chiefly the Department of Agriculture and the National Institutes of Health, provide the major share of support of basic research in the agricultural and life sciences. But the programs in this function are the primary source of funding for the physical and engineering sciences and account for some 80% of the total Federal support for these disciplines. The balance is provided mainly through programs of the Department of Defense.

In 1985, the Federal investment in basic research through programs in this function is projected to grow by about 16%. This increase, together with those in other functions, reflects the high priority that this administration continues to give to the support of basic research. It gives further recognition to the understanding that the private sector lacks sufficient incentives to make adequate investments in such research to serve the broad national interest.

General science and basic research.—This part of the function covers all the programs of the National Science Foundation and the general science programs of the Department of Energy in high energy and nuclear physics. Budget authority of \$2.3 billion is proposed for these programs in 1985, a 15% increase over 1984.

National Science Foundation programs.—The principal mission of the National Science Foundation (NSF) is to promote basic re-

NATIONAL NEED: INCREASING BASIC SCIENTIFIC KNOWLEDGE AND USE OF SPACE

(Functional code 250; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
General science and basic research:					
National Science Foundation programs	1,104	1,326	1,507	1,570	1,636
Department of Energy general science programs	534	638	746	755	800
Subtotal, general science and basic research	1,638	1,965	2,253	2,326	2,437
Space research and technology:					
Space flight	4,085	4,048	3,821	4,001	4,323
Space science, applications, and technology	1,596	1,735	2,019	2,242	2,330
Supporting space activities	647	808	964	934	930
Subtotal, space research and technology	6,328	6,591	6,804	7,177	7,583
Total, budget authority	7,966	8,555	9,057	9,503	10,020
OUTLAYS					
General science and basic research:					
National Science Foundation programs	1,055	1,242	1,457	1,525	1,588
Department of Energy general science programs	589	621	684	761	794
Subtotal, general science and basic research	1,644	1,864	2,141	2,286	2,383
Space research and technology:					
Space flight	4,053	4,091	3,884	3,998	4,190
Space science, applications, and technology	1,486	1,590	1,899	2,127	2,279
Supporting space activities	562	746	894	939	938
Subtotal, space research and technology	6,101	6,427	6,677	7,064	7,407
Total, outlays	7,745	8,291	8,818	9,350	9,790
ADDENDUM					
Off-budget Federal entity:					
Federal Financing Bank:					
Supporting space activities:					
Budget authority	189	1,079			
Outlays	189	131		-7	-86

search in all fields of science and engineering. The NSF's broad-based research programs complement the more specialized support of basic research by agencies in other functions, such as the Department of Defense and the National Institutes of Health, and helps to ensure balanced Federal support across the major scientific disciplines.

The 1985 budget includes \$1.5 billion in proposed budget authority for NSF, \$181 million or 14% above 1984. Within this amount, the support of basic research will increase by 13%.

The principal increase, \$112 million in 1985, will be for additional support of basic research at academic institutions through project grants. Within this increase, further emphasis will be given

to strengthening support for the physical and engineering sciences and to the improvement of university research instrumentation across all disciplines.

The proposed budget for NSF places special emphasis on increasing the access of academic scientists in all scientific fields to the most advanced computers as research tools. As part of this effort, the Foundation plans to extend and expand in 1985 its effort begun in 1984 to provide blocks of time on supercomputers located at existing centers and to increase funding for networks and local user support. A related but separate proposal is to provide for an advanced vector computer at the National Center for Atmospheric Research to serve the special needs of researchers in the atmospheric and ocean sciences. In addition to increased support for engineering research through traditional project grants, the 1985 budget includes \$10 million in budget authority to initiate a program of support for centers for cross-disciplinary research in engineering at universities. This program will support specialized instrumentation and experiments by groups of researchers and students across the engineering disciplines.

The budget also provides for the construction of a sophisticated instrument to further advance radio astronomy, the very long baseline array radiotelescope.

In addition, an increase is provided for the U.S. Antarctic program, managed by NSF, to assure the necessary logistical support for Antarctic research programs and thus maintain an active and influential U.S. scientific presence in that region.

The budget also includes \$76 million in budget authority to continue to develop innovative teaching materials and to improve the instructional capabilities of the Nation's science and mathematics teachers. These funds are intended to complement the efforts of State and local governments and the private sector. Additional Federal assistance to help alleviate the shortage of qualified mathematics and science teachers is included in the education, training, employment, and social services function under the Department of Education.

Department of Energy general science programs.—The general science programs of the Department of Energy (DOE) continue to support basic research in nuclear and high energy physics initiated under the Atomic Energy Commission. The goal of this research is to achieve a comprehensive understanding of the basic constituents of matter and energy and the forces that govern their interaction. Budget authority of \$746 million is requested for support of these programs in 1985, \$108 million above 1984.

This increase includes an additional \$48 million for the operation of particle physics accelerator facilities supported by DOE. This amount will largely cover cost increases over 1984.

The increase also provides an additional \$40 million in 1985 for several on-going or new research facilities. Included in high energy physics are funds to continue construction of the Stanford linear collider. In nuclear physics, additional support is planned to complete the upgrading of accelerator facilities at the University of Washington and at Yale University, and to undertake an upgrading of existing accelerators at the Brookhaven National Laboratory. The budget also includes an increase to finance planning for the construction of an advanced nuclear physics electron facility sponsored by the Southeastern University Research Association at Newport News, Virginia.

Funds to complete the construction of the Tevatron II upgrade at the Fermilab accelerator, and funds to continue the Tevatron I modifications at Fermilab are also provided for at about the 1984 level.

The budget proposes \$20 million in budget authority to continue funding preliminary research and development activities for the design of a possible next generation of high-energy particle accelerators.

Space research and technology.—This part of the function covers the space-related activities of the National Aeronautics and Space Administration (NASA). For 1985, the administration is proposing to continue a vigorous program of space science, applications, and technology development. It is also committed to providing the resources necessary to continue progress towards making the space shuttle fully operational and cost-effective in providing routine access to space. Budget authority of \$6.8 billion is proposed for these programs in 1985, an increase of \$213 million over 1984. New activities for 1985 include the definition and design of a space station.

The budget levels proposed for 1985 and later years reflect economies from management reform efforts now under way or planned. In NASA, efficiency improvements in administrative support services will reduce budget authority and outlays over \$7 million in 1985.

Space flight.—The space flight programs of NASA help sustain and improve the Nation's ability to supply space transportation services. These programs include the development, production, and operation of the four-orbiter space shuttle fleet; research activities using the shuttle-borne Spacelab; development and procurement of the upper stage vehicles to carry shuttle-launched payloads into high-Earth orbit; and cooperative projects with other nations.

Budget authority of \$3.8 billion is proposed for the space flight program. This includes \$150 million in budget authority for a program to define and design a space station. Planned for launch

in the early 1990's, the space station is intended to enhance the Nation's science and applications programs, to help develop advanced technologies potentially useful to the economy, and to encourage greater commercial use of space.

Space science, applications, and technology.—These programs primarily include support for studies of the solar system and the universe; studies in remote sensing of the Earth's resources and environment; and research on materials processing in space. Budget authority of \$2.0 billion is proposed for 1985, a 16% increase over 1984.

In *space science*, funds are proposed to initiate the Mars geoscience/climatology orbiter to continue the Nation's highly successful planetary exploration program. This mission, scheduled for launch in 1990, will carry out a detailed mapping of Martian geological and environmental features. The 1985 budget also proposes the increased funding needed to continue development of approved projects in space astronomy and planetary exploration. These include the space telescope, planned for launch in 1986, and the Galileo mission to Jupiter, also currently planned for launch in 1986. Funding is provided to support spacecraft in flight, e.g., the Voyager mission now enroute to Uranus, and ground-based research and support.

Within *space applications*, proposed activities in 1985 will include space experiments to study the Earth and its environment; research on materials processing in space; and long-term basic technology for space communications. In 1985, development of the upper atmosphere research satellite will be initiated. This is a \$650 million project to carry out research in the Earth's stratosphere that will investigate changes in the chemical composition of that region. Also, development will begin on the scatterometer, a research instrument designed to provide a better understanding of global wind patterns on the surface of the oceans. This instrument will be carried on a Navy satellite now under development.

The basic *space research and technology* program of NASA, is broadly applicable to and supportive of all major space activities. Continued real growth in funding is proposed for 1985 to help provide the science and technology base for the space program in areas such as propulsion, electronics, and materials research.

Supporting space activities.—Budget authority of \$964 million is proposed for spacecraft tracking, data gathering, and processing support for the entire space program, an increase of \$156 million over 1984. This increase is primarily to cover added costs resulting from problems associated with the launch of the first NASA tracking and data relay satellite system (TDRSS).

Credit programs.—The credit table reflects the 1984 level for direct loans made by the Federal Financing Bank for the construction and acquisition of the TDRSS. No additional loans for this system are expected in 1985.

CREDIT PROGRAMS—GENERAL SCIENCE, SPACE AND TECHNOLOGY

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
NASA satellite leases (loans made by FFB):					
New obligations ¹	189	131			
Net outlays	189	131		-7	-86
Outstandings	947	1,079	1,079	1,072	986
Total credit budget (new obligations)	189	131			

¹ These are commitments made by the agency to guarantee loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency.

Tax expenditures.—In addition to direct Federal funding of basic research, the tax code encourages private sector research and development, including basic research, by allowing expenditures for such purposes to be deducted as a current expense. The 1985 estimate for this provision is \$605 million. A 25% tax credit is also available to encourage certain basic research and experimentation; the estimate for this tax credit is \$1.1 billion in 1985. Tax expenditures for general science, space, and technology are estimated to total \$1.9 billion in 1985.

ENERGY

The Nation needs adequate supplies of economical energy. The most promising way to meet this need is to let market forces work and to focus Federal Government energy programs on limited but important responsibilities, such as support of longer-term research and the strategic petroleum reserve.

The primary role of the Federal Government with respect to energy is to establish and maintain sound policies based on economic principles that promote efficient energy production and use. This strategy recognizes that most of the decisions about using and producing energy in this country are made by millions of individuals—consumers, workers, managers, inventors and investors—throughout the country in the private sector. It therefore emphasizes the importance of allowing our market economy to function to ensure that these decisions are as productive and efficient as possible. As a major first step toward achieving this objective, the President decontrolled oil markets shortly after taking office and the administration has subsequently supported complete elimination of counterproductive controls on natural gas prices.

The Government has limited but important additional responsibilities in energy, and this budget focuses on continuing to meet those responsibilities. They include establishing and enforcing sensible and effective environmental and nuclear safety regulations, providing for a strategic petroleum reserve, continuing on-going Federal energy production activities, and supporting longer term research and development.

A total of \$3.1 billion in budget authority is proposed for on-budget programs included in this function in 1985, a decrease of \$265 million from 1984 levels. The major causes of this decrease are:

- a \$223 million reduction in the Tennessee Valley Authority and the Federal power marketing agencies largely resulting from reduced construction of new power plants and transmission facilities; and
- a \$90 million reduction in net budget authority needed for the uranium enrichment program, as receipts from the program exactly match budget authority in 1985 after falling short by \$90 million in 1984.

In addition, a reduction of about \$90 million in budget authority is estimated in 1985 as a result of savings from a variety of management reform initiatives underway or planned in the Department of Energy. For example, management improvements in the Department will simplify and consolidate financial procurement and other administrative systems; eliminate excessive management requirements imposed on contractors; and contract-out support services that are readily and economically available from commercial sources.

These and other reductions are offset in part by a \$288 million increase for the strategic petroleum reserve to build storage facilities needed to complete the 750 million barrel system by 1990.

A total of \$6.3 billion in budget authority is estimated for off-budget programs in 1985. This includes \$3.9 billion for the electricity program of the Rural Electrification Administration and \$1.9 billion for acquiring oil for the strategic petroleum reserve.

Energy supply.—The Federal Government's energy supply activities fall into three categories: research and development programs, direct production programs and subsidies to foster private investment in synthetic fuel production.

Private industry invests billions of dollars each year in *research and development (R&D)*, including R&D related to energy. Federal Government spending is, consequently, intended to complement this private sector R&D investment. It does this by supporting basic research where the benefits of the research do not readily accrue to private investors. It also does this by supporting other longer-term R&D, which broadly serves the national interest but is beyond the investment time horizon of private industry.

A total of \$2.3 billion in budget authority is proposed for energy supply research and development programs in 1985, equal to 1984. Virtually all of these programs are funded through the Department of Energy (DOE). They cover three main elements: work on non-nuclear energy, on nuclear energy, and on supporting research which contributes to both nuclear and non-nuclear technology development.

The budget proposes \$514 million in budget authority for non-nuclear R&D in 1985, but with amounts available from prior years, the program level will total \$582 million. The program level for 1985 includes \$226 million for work on solar and other renewable energy resources; \$261 million for research on coal, oil, gas and other fossil fuels; and \$95 million for other non-nuclear energy research and development, including research on advanced environmental control technologies, which would be applicable in dealing with acid rain.

For nuclear energy R&D, the budget proposes \$1.1 billion in budget authority in 1985, about equal in total to the 1984 level. The

NATIONAL NEED: ENERGY

(Functional code 270; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Energy supply:					
Research and development	2,673	2,294	2,284	2,316	2,293
Direct production (net):					
Uranium enrichment	137	90			
Nuclear waste disposal fund	-65	8	-50	90	24
Petroleum reserves	-981	-1,017	-1,057	-993	-960
Power marketing:					
Existing law	788	659	436	240	-121
Proposed legislation			-30	-29	-29
Subtotal, energy supply	2,552	2,034	1,583	1,624	1,208
Energy conservation:					
Existing law	449	456	144	160	168
Proposed legislation			238	238	238
Subtotal, energy conservation	449	456	382	398	406
Emergency energy preparedness	242	159	447	283	189
Energy information, policy, and regulation	878	764	735	754	758
Total, budget authority	4,121	3,413	3,148	3,059	2,561
OUTLAYS					
Energy supply:					
Research and development	2,715	2,508	2,425	2,339	2,305
Direct production (net):					
Uranium enrichment	-52	42	31		
Nuclear waste disposal fund	95	-27	-28	23	24
Petroleum reserves	-963	-1,017	-1,047	-1,000	-957
Power marketing:					
Existing law	601	453	87	-200	-480
Proposed legislation			-29	-29	-29
Subsidies for nonconventional fuel production	25	73	166	229	313
Subtotal, energy supply	2,421	2,032	1,606	1,361	1,176
Energy conservation:					
Existing law	477	490	339	306	162
Proposed legislation			71	190	238
Subtotal, energy conservation	477	490	410	496	400
Emergency energy preparedness	215	203	357	329	191
Energy information, policy, and regulation	886	737	771	729	750
Total, outlays	3,999	3,463	3,144	2,914	2,517

major programs within this category are magnetic fusion and fission R&D. Budget authority of \$483 million is proposed for fusion, maintaining the program at about the 1984 level of activity.

In nuclear fission related R&D, the 1985 budget provides \$152 million to clean up the waste material from uranium mining, an

NATIONAL NEED: ENERGY—Continued

(Functional code 270; in millions of dollars)

Major missions and programs	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
ADDENDUM					
Off-budget Federal entities:					
Synthetic Fuels Corporation:					
Budget authority.....	16	67	162	228	312
Outlays.....					
Rural electrification and telephone revolving fund:					
Budget authority.....	261	2			
Outlays.....	-2				
Federal Financing Bank:					
REA loan asset sales:					
Budget authority:					
Existing law.....	344	403	493	375	298
Proposed legislation.....			-33	-113	-185
Outlays:					
Existing law.....	344	403	493	375	298
Proposed legislation.....			-33	-113	-185
REA loan guarantee originations:					
Budget authority.....	3,154	3,765	3,395	4,225	3,035
Outlays.....	2,657	3,565	3,185	4,005	2,805
Alternative fuels production:					
Budget authority.....	546	470	196		
Outlays.....	546	470	196		
Tennessee Valley Authority:					
Budget authority.....	161	165	88	117	31
Outlays.....	161	165	88	117	31
Geothermal resources development fund:					
Budget authority.....	8	10	75	15	
Outlays.....	8	-35	75	15	
Strategic petroleum reserve:					
Budget authority.....	2,074	650	1,890	1,656	1,712
Outlays.....	1,641	2,157	1,668	1,632	1,672
Total:					
Budget authority.....	6,563	5,532	6,265	6,502	5,203
Outlays.....	5,354	6,726	5,671	6,031	4,621

increase of \$53 million over 1984. For breeder technology research, \$308 million is proposed in 1985. With the termination of the Clinch River breeder reactor, both 1984 and 1985 will be a period of reorientation for the breeder program. The program is now expected to focus on developing a technology base for the future development and funding of commercial plants by U.S. industry.

For supporting energy research programs, the budget includes \$669 million in budget authority in 1985, an \$89 million increase over the 1984 level. These are programs where the government clearly has a key role to play. They support energy-related research at major universities and the national laboratories in the physical, biological, environmental and engineering sciences. Their goal is to provide fundamental scientific knowledge and a broad-

ened engineering technology data base for future nuclear and non-nuclear technology development.

The Federal Government's *direct production activities* include enriching uranium in government-owned plants primarily for use in nuclear power reactors; providing for the permanent disposal of commercial nuclear waste; producing and selling oil and gas from the naval petroleum reserves; and generating and transmitting electric power at the Tennessee Valley Authority and the five power marketing agencies.

Receipts from the sale of uranium enrichment services to foreign and domestic customers are expected to match program costs in 1985.

The commercial nuclear waste program provides for the permanent disposal of commercial nuclear waste. At the proposed level of \$328 million in budget authority in 1985, the program will continue necessary steps leading to the development, construction, and operation of a repository for high-level radioactive waste from commercial nuclear power plants by the end of this century. The program is financed by a fee on electricity generated by nuclear power. Receipts collected by the nuclear waste fund are estimated to exceed budget authority for the program by \$50 million in 1985. While receipts can exceed budget authority or outlays for this program in any one year, they are expected to equal outlays through 1998, when a waste repository is scheduled to be available.

The budget assumes that the Federal government will receive \$1.3 billion in 1985 from the oil and gas produced at Elk Hills, California and Teapot Dome, Wyoming and sold to refineries at competitive bid. After deducting expenditures needed to operate these oil fields, net receipts from the naval petroleum reserve program are expected to be \$1.0 billion in 1985, in line with their level in 1984.

Finally, there is a reduction of \$223 million in budget authority from 1984 levels for the Tennessee Valley Authority (TVA) and the five power marketing agencies. Of this amount, \$107 million is due to a decrease in Federal borrowing to finance the construction of new electric power generating facilities of the TVA. The balance of the reduction primarily reflects completion of current electricity transmission construction projects of the power marketing agencies and a slowdown in the pace of new construction. Partially offsetting these decreases are increased costs for power to meet contractual sales agreements.

The budget provides *subsidies for synthetic and other non-conventional fuel production*, primarily through the Synthetic Fuels Corporation. The Corporation estimates that it will award \$10.3 billion in price and loan guarantees in 1984 and \$4.4 billion in 1985. The immediate budget impact of this activity is expected to be outlays

of \$166 million in 1985, up from \$73 million in 1984. Outlays resulting from this program may increase above these estimates, depending on developments in the world oil market, the terms and conditions agreed to by the Corporation, and other factors.

Energy conservation.—The budget proposes a total of \$382 million in budget authority and \$410 million in outlays in 1985 for programs in this subfunction. Of these outlays, \$174 million is estimated for energy conservation research and development, a 23% increase over the 1984 level of \$142 million. These programs provide Federal support for work on methods to increase the efficient use of energy in buildings, transportation and industrial processes.

Market forces continue to be the most promising way to stimulate sound, economically efficient energy conservation. This is demonstrated by the fact that the U.S. economy today needs 30% less oil and gas to produce a dollar's worth of output than it did ten years ago when oil prices first started to rise. The energy conservation R&D programs proposed in the budget are designed to complement the efforts that the private sector undertakes in response to market forces.

In addition to this increased funding for R&D, the energy conservation subfunction includes \$206 million in outlays in 1985 for State and local government energy grant programs. This money is used to insulate school buildings, hospitals, and the homes of low income families.

Beginning in 1985, these programs are proposed to be financed with monies recovered by the Government from petroleum pricing violations under the price control program in instances where the overcharged parties cannot be identified. Legislation is proposed to establish a fund in the Department of Health and Human Services (HHS). Monies in the fund will be allocated to the DOE energy conservation grant programs noted above and to an HHS program which provides help to the poor in paying their fuel bills. Outlays from the fund for the HHS low income energy assistance program are included in the budget in the income security function.

Emergency energy preparedness.—Administration policy for dealing with oil import disruptions is to rely on market forces rather than Government allocation and price controls. That policy has been tested during past disruptions in other countries. It has worked and avoided the shortages and gasoline lines which accompanied Government fuel allocation and price controls in this country.

To augment market forces, the Federal Government is developing the strategic petroleum reserve. Including off-budget amounts, a total of \$2.0 billion in outlays is proposed for the program in 1985, compared to \$2.4 billion in 1984. The 1985 request provides on-

budget funding for construction of storage facilities needed to complete the 750 million barrel system. It also provides off-budget funding for the oil to fill the reserve at a rate of 145,000 barrels per day in 1985.

This fill rate is more moderate than the 186,000 barrel per day rate planned for 1984. It will nonetheless allow the reserve to expand from a total of 429 million barrels of oil in storage at the end of 1984 to 482 million at the end of 1985. Thus, even greater security will be provided against a wide range of possible supply disruptions.

Energy information, policy, and regulation.—Budget authority for energy information, policy and regulation is estimated to be \$735 million in 1985. Included in this total is \$468 million, equal to the 1984 level, to support the work of the Nuclear Regulatory Commission and its efforts to improve the effectiveness and efficiency of its regulations.

This subfunction also includes, for the DOE, the operating expenses of the Federal Energy Regulatory Commission and the Energy Information Administration, as well as the DOE's general administrative expenses. Budget authority for programs in this subfunction is down \$29 million in 1985, due to reduced regulation, increased licensing fees and improved management efficiency.

Credit programs.—The accompanying table summarizes Federal credit activities in the energy function. The Federal Financing Bank (FFB) finances a substantial amount of credit activity in this function as off-budget direct loans. The FFB will provide continued support to the TVA, Rural Electrification Administration (REA), and other programs in 1985.

TVA leases nuclear fuel from the Seven States Energy Corporation. The Corporation borrows from the FFB to finance its costs, with TVA as the guarantor. Compared to presentations made in previous years, the credit program table in this function shows a sharp decrease in this credit activity. This decrease is due to an accounting change that excludes rollovers of existing loans from new direct loans. Direct loan obligations of \$165 million in 1984 and \$88 million in 1985 are expected to be financed through the FFB.

REA provides direct loans and guarantees of loans from the FFB for the construction and operation of rural electric and telephone utilities. Total REA loans outstanding are estimated to be \$37.4 billion at the end of 1984. The reduction in the annual rate of new loans from \$5.8 billion first estimated for 1983 to \$4.5 billion actually made in 1983 and estimated for 1984 is due to lower than expected demand for electricity and a surplus of electric generating capacity. A continuation of that trend, coupled with an expectation

of increased reliance on private financing by rural electric systems, allows for the further reduction to \$1.9 billion for 1985. Legislation is being proposed to fund REA administrative costs with user fees and to provide REA direct loans at the cost of Treasury borrowing, thus reducing the subsidy now given under the current 5% interest rates.

CREDIT PROGRAMS—ENERGY

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Direct loans:					
Alternative fuels production (loans made by the FFB): ¹					
Net outlays	546	470	196		
Outstandings	886	1,356	1,552	1,552	1,552
Tennessee Valley Authority:					
New obligations	41	85	89	77	76
Net outlays	-4	34	27	12	6
Outstandings	259	293	319	331	338
Tennessee Valley Authority (loans made by the FFB):					
New obligations ¹	161	165	88	117	31
Net outlays	161	165	88	117	31
Outstandings	1,418	1,583	1,672	1,788	1,819
Rural electrification and telephone revolving fund:					
New obligations ²	1,101	1,100	575	575	575
Net outlays	104	277	92	130	178
Outstandings	9,878	10,155	10,247	10,378	10,556
Rural electrification and telephone revolving fund (loans held by FFB): ²					
Net outlays	344	403	459	262	113
Outstandings	3,468	3,871	4,330	4,592	4,705
Rural electrification and telephone revolving fund (loans made by the FFB): ¹					
New obligations	3,442	3,360	1,325	1,325	1,325
Net outlays	2,657	3,565	3,185	4,005	2,805
Outstandings	18,939	22,504	25,689	29,694	32,499
Geothermal and other:					
New obligations	4	10	40	40	40
Net outlays	3	8	36	36	33
Outstandings	16	24	61	97	130
Geothermal and other (loans made by the FFB): ¹					
New obligations	100				
Net outlays	8	-35	75	15	
Outstandings	45	10	85	100	100
Total, direct loans:					
New obligations	4,848	4,720	2,118	2,134	2,047
Net outlays	3,818	4,888	4,159	4,577	3,167
Outstandings	34,908	39,796	43,955	48,531	51,698

CREDIT PROGRAMS—ENERGY—Continued

(In millions of dollars)

	Actual 1983	Estimate			
		1984	1985	1986	1987
Guaranteed loans:					
Biomass energy development:					
Net change	45	166	181	54	-26
Outstandings	45	211	392	445	419
Rural electrification and telephone revolving fund:					
Net change	142	5	10	20	29
Outstandings	862	867	877	897	926
Synthetic Fuels Corporation:					
New commitments		4,098	2,400		
Net outlays		247	786	1,055	1,099
Outstandings		247	1,033	2,088	3,187
Geothermal and other:					
New commitments	45		78	26	41
Net change	-69	2	42	22	33
Outstandings	31	33	75	98	131
Total, guaranteed loans:					
New commitments	45	4,098	2,478	26	41
Net change	118	421	1,019	1,151	1,135
Outstandings	937	1,358	2,377	3,527	4,663
Total credit budget (new obligations and new commitments)	4,893	8,818	4,596	2,160	2,088

¹ These are commitments made by the agency to guarantee loans that the FFB will disburse. In effect, they are commitments for off-budget direct loans, and are counted as such in the credit budget. Policy responsibility for these loans rests with the guaranteeing agency.

² The direct lending activities of the Rural Electrification Administration are financed by the Federal Financing Bank (FFB). Certificates of beneficial ownership (CBO's) are issued by the REA. According to law, these certificates are backed by loans that the agency continues to service. REA guarantees the CBO's, sells them to the FFB, and repurchases them upon maturity. FFB net outlays for REA represent acquisition of CBO's less repurchases by REA. Increases in the volume of sales of CBO's are added to FFB direct loan outstandings, while the REA direct loan outstandings decrease by the amount of CBO's sold to the FFB.

Tax expenditures.—To encourage energy exploration and production, the tax code permits certain capital costs to be deducted as current expenses rather than amortized over the useful life of the property. In addition, extractive industries are generally permitted to use percentage depletion rather than cost depletion.

A variety of residential tax incentives stimulate energy conservation and encourage conversion to energy sources other than oil or natural gas. Business investments in specified energy property are also eligible for special tax credits, in addition to the normally available investment tax credit.

Tax expenditures for energy are listed in the accompanying table and discussed in more detail in Special Analysis G.

TAX EXPENDITURES FOR ENERGY

(Outlay equivalents, in millions of dollars)

Description	Estimates		
	1983	1984	1985
Expensing of exploration and development costs:			
Oil and gas.....	2,335	1,815	2,255
Other fuels	30	30	35
Excess of percentage over cost depletion:			
Oil and gas.....	1,720	1,625	1,565
Other fuels	430	440	475
Capital gains treatment of royalties on coal.....	270	295	320
Exclusion of interest on State and local industrial development bonds for certain energy facilities	190	185	175
Residential energy credits:			
Supply incentives.....	445	540	745
Conservation incentives.....	335	370	390
Alternative, conservation and new technology credits:			
Supply incentives.....	320	255	280
Conservation incentives.....	85	45	35
Alternative fuel production credit	15	35	45
Energy credit for intercity buses.....	15	15	15
Total (after interactions), energy ¹	4,395	4,015	4,500

¹ The estimate of total tax expenditures for this function reflects interactive effects among the individual items. Therefore the estimates cannot simply be added.

ALLOWANCES

The budget includes allowances to cover certain forms of budgetary transactions that are expected to occur, but that are not reflected in the program details shown in the preceding functions. When these transactions actually take place, they are reported as outlays or receipts for the appropriate agencies and functions rather than as allowances. For this reason, allowances for completed years are always zero.

Three allowances are included in the budget: civilian agency pay raises, increased employing agency payments for employee retirement, and allowances for contingencies.

ALLOWANCES

(Functional code 920; in millions of dollars)

Program	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
BUDGET AUTHORITY					
Civilian agency pay raises.....	1		446	3,071	5,217
Increased employing agency payments for employee retirement (proposed legislation):					
Department of Defense.....			229	487	516
Civilian agencies.....			280	595	630
Allowances for contingencies:					
Relatively uncontrollable programs.....					
Other requirements.....					
Total, budget authority.....			954	4,153	6,363
OUTLAYS					
Civilian agency pay raises.....			430	2,968	5,134
Increased employing agency payments for employee retirement (proposed legislation):					
Department of Defense.....			229	487	516
Civilian agencies.....			280	595	630
Allowances for contingencies:					
Relatively uncontrollable programs.....					
Other requirements.....					
Total, outlays.....			938	4,050	6,280

Civilian agency pay raises.—This allowance covers the costs of future civilian agency pay raises, including increases for Coast Guard military personnel. Two other pay raise allowances are included in the national defense function.

This allowance includes an assumed pay increase for civilian personnel of 3.5% and a pay increase for the Coast Guard military personnel of 5.5%, both effective in January of 1985. The President's final decision on the 1985 civilian pay increase will be made after he reviews the recommendations of his pay agent and the recommendations of the Advisory Committee on Federal Pay, as

provided for by law. The pay raise allowance includes amounts for 1986 and 1987 that are based on the assumption that Federal civilian employees will receive the same average percentage pay increase as private sector workers.

Increased employing agency payments for employee retirement.—The administration is proposing reforms of Federal employee retirement programs. One of the proposed reforms is an increase in the contribution that Federal employees make toward their own retirement, from the current 7% of salary to 8% in 1985 and 9% in 1986, with a matching increase in contributions by employing agencies. This allowance is the amount necessary to finance the higher employing agency payments. The allowance includes the amount of the increased contribution both by civilian agencies and by the Department of Defense. Upon enactment of the administration's proposal, the allowance amounts will be distributed to individual agencies. The administration's retirement reform proposals are discussed in more detail in the income security function.

Allowances for contingencies.—The Congressional Budget Act of 1974 requires that the budget include two specific allowances for unanticipated spending or savings in relatively uncontrollable programs (such as social security) and in discretionary programs.

The estimates for each of these contingency allowances are zero for all years. The contingency allowance for relatively uncontrollable programs is estimated to be zero because the chance of these outlays being lower than the estimates is as great as the chance of being higher. The contingency allowance for other requirements is also assumed to be zero, with probable increases being offset by anticipated decreases.

Allowances account for estimated net outlays of \$0.9 billion in 1985.

PART 6

PERSPECTIVES ON
THE BUDGET

6-1

PERSPECTIVES ON THE BUDGET

This part of the budget explains several topics that help to interpret the budget totals and to place the budget in perspective:

- the relationship of budget authority to outlays;
- limitations on the availability of funds;
- fiscal activities outside the Federal budget:
 - outlays of off-budget Federal entities,
 - Government-sponsored enterprises,
 - loan guarantees, and
 - tax expenditures;
- Federal debt and the relationship of budget funds to changes in Federal debt;
- the difference between the initial 1983 budget estimate and the actual outcome for:
 - total outlays,
 - outlays of relatively uncontrollable programs, and
 - total receipts; and
- the allocation of windfall profit tax receipts.

RELATIONSHIP OF BUDGET AUTHORITY TO OUTLAYS

The Congress must usually provide budget authority, generally in the form of appropriations, before Federal agencies can obligate the Government to make outlays. For 1985, \$1,006.5 billion of new budget authority is proposed for those Federal agencies included in the budget. In addition, \$24.7 billion in new budget authority is proposed for those Federal entities that are excluded from the budget.¹

Of the total new budget authority proposed for agencies within the budget in 1985, \$560.8 billion will require congressional action. New budget authority of \$628.9 billion will be available through permanent appropriations under existing law. This consists mainly of trust fund receipts, which in most trust fund programs are automatically appropriated under existing law, and interest on the public debt, for which budget authority is automatically provided under a permanent appropriation enacted in 1847. This gross amount of new budget authority is offset by \$183.2 billion of deductions for offsetting receipts, which consist of transactions within the Government and proprietary receipts from the public. Most of

¹ Budget authority is discussed further in Part 7 of this volume.

the budget authority proposed for off-budget Federal entities will be available under existing law.

BUDGET AUTHORITY

(In billions of dollars)

Description	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Available through current action by the Congress:					
Enacted and pending appropriations	525.6	521.7			
Proposed in this budget:					
Appropriations			551.5	605.4	641.7
Supplemental requests		5.3			
Rescission proposals		-0.4			
To be requested separately:					
Upon enactment of proposed legislation		0.3	5.3	5.9	6.1
Allowances:					
Civilian agencies ¹			0.4	3.1	5.2
Department of Defense—					
Military ²			3.1	9.1	14.9
Other allowances ³ .....			.5	1.1	1.1
Subtotal, available through current action by the Congress	525.6	527.0	560.8	624.6	669.0
Available without current action by the Congress (permanent appropriations):					
Trust funds (existing law)	326.6	355.7	417.2	451.4	488.2
Interest on the public debt ⁴	128.8	149.5	164.5	177.4	187.6
Other	52.3	29.9	47.2	46.1	47.0
Subtotal, available without current action by the Congress	507.7	535.1	628.9	674.9	722.8
Deductions for offsetting receipts	-166.5	-149.6	-183.2	-199.2	-210.6
Total, budget authority	866.7	912.5	1,006.5	1,100.3	1,181.2
ADDENDUM					
Budget authority for off-budget Federal entities:					
Available through current action by the Congress	2.1	0.6	1.9	1.7	1.7
Available without current action by the Congress	19.1	28.4	22.8	10.8	8.3
Total, off-budget Federal entities	21.2	29.1	24.7	12.4	10.0
Total, budget authority including off-budget Federal entities	887.9	941.6	1,031.2	1,112.7	1,191.2

^{*} \$50 million or less.

¹ Allowance for civilian agency pay raises.

² Includes allowances for civilian and military pay raises for Department of Defense—Military.

³ Allowance for increased employing agency payments for employee retirement.

⁴ Increases in interest on the public debt are included as proposed legislation above in the following amounts: 1984, less than \$50 million; 1985, \$0.2 billion; 1986, \$0.5 billion; 1987, \$1.0 billion.

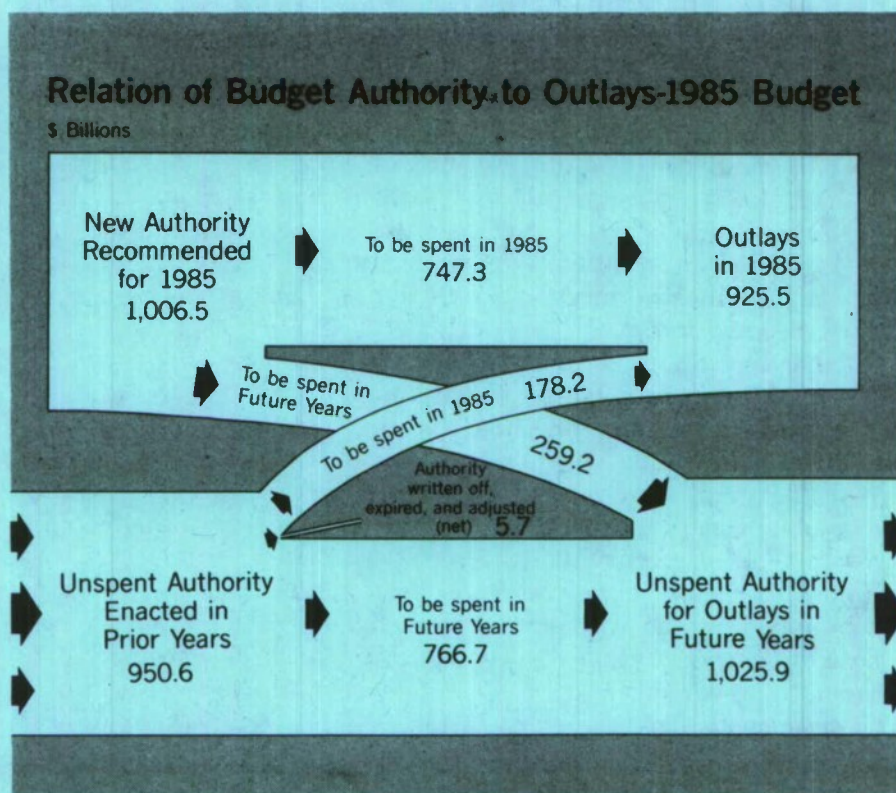
Not all of the new budget authority for 1985 will be obligated or spent in that year: ²

² This subject is also discussed in a separate OMB report, "Balances of Budget Authority," which can be purchased from the National Technical Information Service shortly after the budget is transmitted.

- Budget authority for most trust funds comes from the authority of these funds to spend their receipts from special taxes and contributions and from Federal fund payments. Any balances arising from these receipts remain available to these trust funds indefinitely in order to finance benefits and other purposes specified by law.
- Budget authority for most major construction and procurement projects covers the entire cost estimated when the projects are initiated, even though costs will be incurred and outlays made over a period extending beyond the year for which the budget authority is enacted. Some exceptions are made to this convention, notably for water resource programs.
- Government enterprises are occasionally given budget authority for standby reserves that will be used only in the event of special circumstances.
- Budget authority for the subsidized housing programs is equal to the Government's estimated obligation to pay subsidies under contracts, which may extend for periods of up to 40 years.
- Budget authority for most other long-term contracts also covers the estimated maximum obligation of the Government.
- Budget authority for many direct loan programs provides financing for a number of years; budget authority for many insurance and loan guarantee programs consists of amounts to be used only in the event of defaults or other contingent claims made upon the programs.

As a result of these factors, a substantial amount of budget authority carries over from one year to the next. Most of this is earmarked for specific uses and is not available for new programs. A small part may never be obligated or spent, because it is primarily for contingencies that do not occur or reserves that never have to be used.

As shown in the chart on the next page, \$178.2 billion of the budget outlays in 1985 (19% of the total) will be made from budget authority enacted in previous years. At the same time, \$259.2 billion of the new budget authority proposed for 1985 (26% of the total amount proposed) will not lead to budget outlays until future years. Thus, the total budget authority for a particular year is not useful for the analysis of that year's outlays, since it combines various types of budget authority that have different short-term and long-term implications for budget obligations and outlays. The relationship between budget authority, obligations, and outlays is discussed further in Part 7 of the *Budget* and displayed in table 9 of Part 9.



LIMITATIONS ON THE AVAILABILITY OF FUNDS

Limitations on the availability of funds are another control mechanism that supplements the use of appropriations or other budget authority discussed in the previous section. Limitations on the availability of funds generally are not the source of authority to incur obligations; rather, they place a special ceiling on the use of authority by limiting the amount that can be obligated or committed for a specific purpose. These limitations are established most often through the appropriations process.

Some limitations establish stricter control over amounts provided by appropriations or other acts.

- Many appropriation accounts provide funding for several activities. A limitation can single out and restrict obligations for one or more of these activities within the overall budget authority provided for the account. For example, the 1984 appropriation of \$844 million for Operation of Indian programs in the Department of the Interior includes language specifying that an amount not to exceed \$55 million is available for higher education scholarships.
- In some instances limitations are established on the amount that can be used for a particular type of expense, such as the

purchase of passenger vehicles, travel, or entertainment. These can be restricted to a single account; can cover all amounts within a single appropriations act; or in some cases, can cover amounts in more than one appropriations act or amounts provided in substantive law.

Limitations are frequently used for the above purposes. However, such use generally does not change the overall availability of funds within an appropriation or fund account, because the amounts covered by these limitations could be used for other purposes as authorized by law.

Other limitations can affect the total level—not just the composition—of on and off-budget obligations and spending. As discussed in the previous section on budget authority, limitations in one year can affect spending in subsequent years as well as the current year. They are used to control funds that would otherwise become available under relatively broad authority provided in substantive law without Appropriations Committee action. In most cases these limitations apply either to some trust fund activities, which are normally financed through earmarked receipts for a specific purpose, like the payroll tax receipts for the social security trust funds; to revolving funds, which finance business-type operations that generate their own income to pay their expenses; or to other accounts where substantive law provides spending authority. The three main types of this kind of limitation are as follows:

- Under the credit control system, limitations on Federal direct loan obligations and guaranteed loan commitments are the principal method of controlling the allocation of Federal credit.³ These limitations provide a mechanism for annual Congressional review of the gross level of new loan activity. Most direct loan programs are financed through revolving funds, such as the rural development insurance fund and the Export-Import Bank. All direct lending and all loan guarantees that result in direct loans by the Treasury Department's off-budget Federal Financing Bank will result in gross outlays. The other guaranteed loan limitations, though also important because of effects on the credit market and the economy, generally do not lead to Government spending except in the event of default.
- Certain Federal programs in addition to credit activities are also constrained through the use of limitations on operating and administrative expenses. For example, the use of the budget authority of the highway and airport and airway trust funds is controlled by limitations on the agency's ability to obligate the Federal Government to make payments. Non-

³ The credit control system is discussed further in Part 7 of this volume and in Special Analysis F, "Federal Credit Programs."

loan, business-type activities that are controlled through limitations include the Federal buildings fund and the national defense stockpile transaction fund, both through limitations on the use of receipts.

- For many trust funds, all receipts of the fund automatically become budget authority and are available for spending. The Congress exercises control over the benefits that are paid from these funds through the use of eligibility criteria and benefit levels established in substantive law. With the use of limitations, the Congress can also exercise control over the administrative expenses of these trust funds. Such limits apply, for example, to the old-age and survivors insurance trust fund and the hospital insurance trust fund. Administrative amounts in the unemployment trust fund are not available in the absence of authorization in appropriations acts.

The following table summarizes some of the major limits on the availability of funds that affect on or off-budget spending. The amounts identified are not inclusive of all limitations, especially for credit programs, but help to illustrate that significant spending changes can be directed without changing budget authority.

SELECTED LIMITATIONS THAT AFFECT OUTLAYS

(In billions of dollars)

	1983 enacted	1984 estimate	1985 estimate
Direct loans:			
Direct loan obligations	12.7	11.9	11.0
Guaranteed loan commitments resulting in direct loans by the FFB	9.9	8.5	1.3
Program levels (other than loans)	11.3	16.8	18.4
Administrative expenses	7.2	7.6	7.8
Total, selected limitations	41.1	44.8	38.5

FISCAL ACTIVITIES OUTSIDE THE FEDERAL BUDGET

The budget does not include a number of fiscal activities of the Federal Government that result in spending similar to budget outlays. These activities, nevertheless, channel economic resources toward particular uses in ways that are analogous to the effects of budget spending.

The outlays of off-budget Federal entities are a major exclusion from the budget. They are discussed in some detail below. This is followed by a description of the Government-sponsored enterprises, which are outside the budget because of their private ownership. Loan guarantees, which are discussed next, allocate economic resources toward particular uses by providing credit to borrowers at more favorable terms than would otherwise be available in the private market. Taxation and tax expenditures, which also have

significant allocative effects on the economy, are discussed subsequently.

The regulation of economic activity changes resource allocation in different ways. Some types of regulation have economic effects that in certain respects are similar to budget outlays by requiring the private sector to make expenditures for specified purposes such as safety and pollution control. The effects of this spending are very important, but many of them have not been quantified satisfactorily and therefore cannot be clearly related to the budget.

Outlays of off-budget Federal entities.—Off-budget Federal entities are federally owned and controlled, but their transactions have been excluded from the budget totals under provisions of law.^{4 5} Therefore, their spending is not reflected in either budget outlays or the budget surplus or deficit; appropriation requests for their programs are not included in the totals of budget authority for the budget; and their outlays are not subject to the targets set by the congressional budget resolutions. As shown in the table on page 6-25, the outlays of the off-budget Federal entities are added to the budget deficit to derive the total Government deficit, which for the most part has to be financed by borrowing from the public. When off-budget outlays are financed by Treasury borrowing, as is usual, the additional debt is subject to the statutory debt limitation; when financed by the entities' own borrowing, it is not. In either case the additional debt is part of the gross Federal debt.

Since the 1969 budget, the Federal Government has used the unified budget concept as the foundation for its budgetary analysis and presentation. This concept measures the Government's cash payments to and from the public. The first departure from the unified budget concept occurred in August 1971, when the Export-Import Bank was excluded by statute from the budget. Further departures followed in the next few years under various statutes. The Postal Service fund, the Rural Telephone Bank, the lending transactions that became the Rural Electrification and Telephone revolving fund, and the Housing for the Elderly or Handicapped fund were removed from the budget. The Federal Financing Bank, the U.S. Railway Association, and the Pension Benefit Guaranty Corporation were established off-budget. The Exchange Stabilization Fund had always been outside the unified budget, although it was initially classified as a deposit fund instead of an off-budget Federal entity.

In the past few years the trend toward steadily increasing the number of off-budget Federal entities has been changed. The

⁴ Financial statements for off-budget Federal entities are published in the *Appendix, Budget of the United States Government, Fiscal Year 1985*. See Part III, "Off-Budget Federal Entities."

⁵ The Board of Governors of the Federal Reserve System is a Federal organization. It is excluded from the budget and from this discussion.

Export-Import Bank, the Housing for the Elderly or Handicapped fund, and the Pension Benefit Guaranty Corporation were put on-budget by statute in different years. The operations of the Exchange Stabilization Fund were put on-budget in a series of legislative and administrative actions. Most of the transactions of the U.S. Railway Association were brought into the budget by legislation that required its purchases of Conrail securities to be included in the budget. Whenever a former off-budget entity was put on-budget, the budget outlays and deficits of previous years were revised to include the entity to the extent feasible so that the historical series measuring budget transactions would be as accurate and consistent as possible.

Two new off-budget Federal entities, however, were established to carry out energy programs. The Synthetic Fuels Corporation was created outside of the budget in 1980, although all of its funding is provided in the budget totals of the Treasury Department. The cost of purchasing oil for the strategic petroleum reserve was put off-budget beginning in 1982. The costs of operations, maintenance, construction, and administration, however, remain in the budget. The Social Security Amendments of 1983 provide that beginning in 1993 the old-age and survivors insurance trust fund, the disability insurance trust fund, and the hospital insurance trust fund shall be excluded from the budget.

Despite the exclusion of the off-budget entities from the budget, some of the outlays related to their operations are nonetheless included in the budget totals. The budget totals include the funding of the Synthetic Fuels Corporation, certain expenses of the strategic petroleum reserve, the Federal payment to the Postal Service fund, and the administrative expenses of the Rural Electrification Administration lending programs and of the U.S. Railway Association. Moreover, while the budget authority and outlays of off-budget Federal entities are excluded from the budget totals, some of their activities are subject to other methods of Presidential and congressional review. For example, the credit budget, discussed on page 6-19 and in Part 7 of this volume, includes the direct loans and guaranteed loans of off-budget entities as well as budget agencies; and the outstanding debt and annual borrowing of the Postal Service are limited by statute.

Even though the exclusion of off-budget Federal entities from the budget results from provisions of law, the executive and the Congress have on several occasions expressed concern about this practice and have taken actions to control off-budget spending. This Administration has been very concerned about the effects of off-budget direct loans in allocating credit toward particular uses and about the necessity of financing these loans by additional Federal borrowing from the public. It has used the credit budget process to

help reduce off-budget direct loans from \$20.9 billion in 1981 to an estimated \$13.2 billion in 1984 and still lower levels in 1985 and later years.

This Administration also supports the basic intent of the bills before the Congress that would include the outlays of programs financed by the Federal Financing Bank (FFB) in the budget and would charge these outlays to the agencies that use the FFB to finance their programs. This would improve the review and control of Federal outlays by both the Congress and the executive branch. At the same time, these bills would prevent agencies from avoiding the budgetary control process by financing their programs through fully guaranteed obligations of the type ordinarily financed in the investment securities market. Thus, this change would improve budgetary control while maintaining the principle of efficient debt management that was the purpose for setting up the FFB.

Within Congress, the budget resolutions for 1980 recommended that the congressional budget process should accurately relate the off-budget outlays to the budget. Following this procedural recommendation, the budget resolutions beginning in 1981 have included targets for credit that covered the obligations for new direct loans made by the off-budget Federal entities. The 1984 congressional budget resolution furthermore recommended that the outlays resulting from FFB transactions should be attributed to the agencies using the FFB rather than to the off-budget FFB itself.

The off-budget Federal entities, except for the strategic petroleum reserve account and the Postal Service, incur their outlays in order to carry out direct loan programs. These programs have the same general characteristics as the direct loan programs in the budget. The outlays of the off-budget loan programs are approximately equal to the difference between the new loans disbursed and the repayments of principal. The difference is due to such factors as administrative expenses and interest paid and received.

Like direct loans in the budget, the loans of the off-budget entities are designed to allocate economic resources toward particular purposes. Part 5 of the *Budget*, "Meeting National Needs: the Federal Program by Function," shows the outlays of the off-budget Federal entities by function and discusses some of their more significant activities.

As the following table shows, the Federal Financing Bank accounts for most of the off-budget outlays. The only other off-budget Federal entities with comparatively large outlays are the strategic petroleum reserve account and, in some years, the Postal Service fund. The outlays of the Postal Service fund and the Synthetic Fuels Corporation are calculated net of offsets for the payments that they receive from accounts in the budget. These offsets are estimated to be \$1.7 billion and \$0.2 billion, respectively, in 1985.

OUTLAYS OF OFF-BUDGET FEDERAL ENTITIES

(In billions of dollars)

Off-budget Federal entity	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Federal Financing Bank.....	10.4	12.7	10.2	6.9	4.4
Rural Electrification and Telephone revolving fund.....	— *				
Rural Telephone Bank.....	.1	.2	.2	.2	.2
Strategic Petroleum Reserve account.....	1.6	2.2	1.7	1.6	1.7
Postal Service fund.....	.3	1.2	2.8	.1	1.0
U.S. Railway Association.....	— .1	— .1			
Synthetic Fuels Corporation.....					
Total.....	12.4	16.2	14.8	8.8	7.2

* \$50 million or less.

The payment to the Postal Service fund is primarily for revenue forgone from carrying certain mail at free or reduced rates; the payment to the Synthetic Fuels Corporation is to fund its entire operations.

The Federal Financing Bank does not operate programs itself. Rather, the FFB finances other programs within the Government by purchasing their debt securities, making direct loans on their behalf, or purchasing their loan assets. FFB obtains the funds for these transactions by borrowing an equal amount from Treasury. The operation of the assisted programs remains with the agencies that FFB finances.

FFB purchases of agency debt securities do not increase FFB outlays. An agency incurs outlays when it spends the proceeds of its borrowing from the FFB, so FFB outlays must exclude this borrowing transaction in order to prevent double counting.

In contrast, FFB outlays are generated by its direct loans and its purchases of loan assets. Both types of transactions involve loan guarantees by another agency. FFB makes direct loan disbursements to the public upon the request of an agency, with the repayment of the loan to the FFB being guaranteed by that agency. These direct loans are outlays outside the budget.

FFB purchases loan assets from various agencies, also upon agency request. Loan assets are loans that an agency has made to the public and for which repayments are still owed. The agency guarantees the loan assets sold to the FFB in order to ensure that the FFB will be paid in the event of default. Loan asset sales are offsets to the outlays of the agency that sells them, regardless of whether they are sold to the FFB or the public. Sales thus reduce the size of an agency's outlays immediately rather than over the normal course of time during which the loans that are sold would be repaid. Therefore, if the selling agency's outlays are included in the budget, the budget outlays caused by its direct loans are offset by the amount of its sales of loan assets. When the FFB buys loan

assets, it in effect converts direct loans that have already been made by another agency into off-budget direct loans of the FFB.

According to law, the category of loan assets also includes certificates of beneficial ownership issued by the Farmers Home Administration and the Rural Electrification and Telephone revolving fund. These certificates are securities backed by loans that the agency continues to hold and service, and they comprise almost all of the loan assets bought by FFB. The President's Commission on Budget Concepts recommended that the sale of such securities (also known as participation certificates) be treated as borrowing, since as a means of financing outlays there is little difference between an agency selling securities labeled "certificates of beneficial ownership," the same agency selling securities labeled "debt," and the Treasury selling securities labeled "debt."⁶

The remainder of FFB outlays consists of the interest that it pays on its borrowings from Treasury, its administrative expenses, and its payment of surplus income to the general fund, the sum of which is offset by the interest that it receives on its holdings of loans and debt. However, under current policy the net interest received (less administrative expenses) is paid in the same year to the general fund. Therefore, this remainder is approximately zero, and FFB outlays approximately equal direct loan disbursements to the public plus purchases of loan assets from other agencies, less repayments.

In order to present the effects of the FFB's transactions for different programs, the budget documents attribute the FFB outlays that are made on behalf of an agency to that agency itself. The following table summarizes this attribution, showing the direct loans to the public or purchases of loan assets, less repayments, for selected agencies and programs. The attribution of FFB outlays by function is shown as an addendum to the tables throughout Part 5, and a complete listing is given in Part 8 in the section that displays the off-budget entities.

As shown in this table, FFB finances a wide variety of programs. Since its inception, over half of its outlays have been for the purchase of certificates of beneficial ownership from the Farmers Home Administration. This proportion is now around one-quarter, however, and is estimated to remain about the same in the next few years due to large repayments of previously issued certificates and declining FFB purchases of new certificates. In 1983 and 1984 over half of FFB outlays are accounted for by direct loans to the public guaranteed by the Rural Electrification and Telephone revolving fund and the foreign military sales credit program. The direct loans guaranteed by the Rural Electrification and Telephone

⁶ See *Report of the President's Commission on Budget Concepts* (Washington: U.S. Government Printing Office, 1967), pp. 8, 47-48, and 54-55.

ATTRIBUTION OF FEDERAL FINANCING BANK OUTLAYS

(In millions of dollars)

Description	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Outlays from loans, by agency or program:					
Farmers Home Administration: certificates of beneficial ownership	2,955	4,367	2,621	1,481	1,218
Rural Electrification and Telephone revolving fund:					
Certificates of beneficial ownership	344	403	459	262	113
Direct loans to public	2,657	3,565	3,185	4,005	2,805
Foreign military sales credit	2,858	3,631	1,964	-329	-1,024
Energy	554	436	270	15	
Housing and Urban Development:					
Section 108 loan guarantees	60	134	47	-105	-129
Low-rent public housing	443	160	1,169	1,133	1,117
Transportation: Railroad programs	15	-890	-*	-14	-15
National Aeronautics and Space Administration	189	131		-7	-86
Small Business Administration	182	636	409	390	384
Tennessee Valley Authority: Seven States Energy Corporation	161	165	88	117	31
Other	-22	-12	-19	-45	-45
Subtotal, outlays from loans	10,396	12,725	10,194	6,903	4,369
Interest, administrative expenses, and payment of surplus income	9	3			
Total, FFB outlays	10,404	12,729	10,194	6,903	4,369

*\$500 thousand or less.

revolving fund are estimated to remain sizable during 1985-87 and to be the largest source of FFB outlays in these years. However, the Administration has proposed that the foreign military sales credit program shift its new activity to on-budget direct loans beginning in 1985. This gradually reduces the estimated outlays made by FFB for this program, as obligations made before 1985 result in fewer and fewer new direct loan disbursements and as repayments continue to be received from loans previously made. During the same years that FFB outlays for the foreign military sales credit program decrease, though, FFB outlays for low-rent public housing rise. FFB outlays as a whole are estimated to decrease substantially.

Since the Farmers Home Administration is on-budget, FFB's purchase of its certificates of beneficial ownership reduces total budget outlays as well as Farmers Home outlays. The total outlays of the Federal Government are not affected, since the decrease in budget outlays is exactly offset by the increase in off-budget outlays. FFB's purchase of certificates of beneficial ownership from the off-budget Rural Electrification and Telephone revolving fund reduces the outlays of this fund to a very small amount, as shown in the preceding table on the outlays of off-budget entities. The purchase

COMPARISON OF OUTLAYS FOR THE BUDGET, OFF-BUDGET FEDERAL ENTITIES, AND GOVERNMENT-SPONSORED ENTERPRISES

(In billions of dollars)

Fiscal year	Outlays			
	Federal Government ¹			Government-sponsored enterprises ²
	Budget	Off-budget Federal entities	Total	
1965.....	118.4	.....	118.4	1.2
1966.....	134.7	.....	134.7	1.9
1967.....	157.6	.....	157.6	-2.9
1968.....	178.1	.....	178.1	1.7
1969.....	183.6	.....	183.6	4.3
1970.....	195.7	.....	195.7	9.6
1971.....	210.2	.....	210.2	*
1972.....	230.7	.....	230.7	4.4
1973.....	245.6	0.1	245.7	11.4
1974.....	267.9	1.4	269.4	14.5
1975.....	324.2	8.1	332.3	7.0
1976.....	364.5	7.3	371.8	4.6
TQ.....	94.2	1.8	96.0	2.3
1977.....	400.5	8.7	490.2	9.7
1978.....	448.4	10.4	458.7	24.5
1979.....	491.0	12.5	503.5	25.9
1980.....	576.7	14.2	590.9	25.3
1981.....	657.2	21.0	678.2	33.4
1982.....	728.4	17.3	745.7	42.4
1983.....	796.0	12.4	808.3	34.3
1984 estimate.....	853.8	16.2	870.0	38.2
1985 estimate.....	925.5	14.8	940.3	41.0
1986 estimate.....	992.1	8.8	1,000.9	(³)
1987 estimate.....	1,068.3	7.2	1,075.5	(³)

* \$50 million or less.

¹ The 1972-80 data have been revised to include the Export-Import Bank, the Housing for the Elderly or Handicapped fund, and the Pension Benefit Guaranty Corporation in the budget instead of with the off-budget Federal entities. The administrative expenses and interest collections of the Exchange Stabilization Fund are included in the budget beginning in 1976, and the actual profits and losses realized from foreign exchange transactions are included beginning in 1979. Earlier data for the ESF are not available on a comparable basis.

² To prevent double counting, outlays of Government-sponsored enterprises exclude loans to other Government-sponsored enterprises and loans to or from Federal agencies and off-budget Federal entities.

³ Not available.

reduces this fund's off-budget outlays and augments the off-budget outlays of the FFB by an equal amount.

The table above compares the outlays of the off-budget Federal entities with budget outlays.⁷ The outlays of the entities that are now off-budget were negligible in 1973 but grew rapidly afterwards for several years, especially due to the Federal Financing Bank. However, the outlays of the off-budget Federal entities decreased from 3.2% of budget outlays in 1981 to 1.6% in 1983. They are estimated to decrease further after 1985, falling to 0.7% in 1987.

⁷ The historical data for budget outlays include Federal entities that are now off-budget for any period when they were in the budget, and include Government-sponsored enterprises for periods when they had any Government ownership. The outlays of former off-budget entities are included in the budget totals for all years to the extent practicable.

Government-sponsored enterprises.—Several Government-sponsored enterprises have been established and chartered by the Federal Government to perform specialized credit functions. The earlier enterprises were all created with partial or full Government ownership and with direct Government control. In time, however, they were converted to private ownership and some new enterprises were created as privately owned institutions.

The rule governing the budget treatment of these enterprises was established in 1967 in accordance with a recommendation by the President's Commission on Budget Concepts. The Commission basically recommended that the budget exclude those Government-sponsored enterprises that are entirely privately owned. However, the Commission recommended that financial statements of their operations be included in the budget documents, because the enterprises carry out federally designed programs and receive benefits from their close association with the Government.

These benefits differ from one enterprise to another and from one type of debt security to another. In most cases, but not necessarily all, they include such advantages as the following: their debt securities can be held by federally regulated financial institutions under circumstances where other private securities or State and local securities are not eligible; they are exempt from Federal income taxation; the interest on their debt securities is exempt from State and local income taxation; and the enterprises are perceived by the securities market to have a special relationship with the Federal Government. Because of these benefits, the Government-sponsored enterprises can borrow at interest rates only slightly higher than the interest rates paid by Treasury on Federal debt.

The Federal Land Banks and Federal Home Loan Banks had both become entirely privately owned a number of years before the unified budget was adopted and therefore have always been excluded from the unified budget. The Federal National Mortgage Association, the Banks for Cooperatives, and the Federal Intermediate Credit Banks became wholly privately owned by repaying their Federal equity capital late in calendar year 1968 and were accordingly removed from the budget for all later periods. The Federal Home Loan Mortgage Corporation and the Student Loan Marketing Association were later established with full private ownership. The Federal Home Loan Mortgage Corporation is not privately operated, however, because its board of directors consists entirely of members of the Federal Home Loan Bank Board, who are Federal Government officials appointed by the President.

^a *Report of the President's Commission on Budget Concepts*, pp. 29-30.

^b Financial statements for the Government-sponsored enterprises are published in the *Appendix*, Part V, "Government-Sponsored Enterprises." Their borrowing and lending are discussed in Special Analysis E, "Borrowing and Debt," and Special Analysis F, "Federal Credit Programs."

The Government-sponsored enterprises were all created to carry out loan programs, either lending their funds directly for specifically authorized purposes, or buying loans originated by the private groups that they were established to assist. The loans of these enterprises primarily support housing, but also support agriculture and higher education. As shown in the previous table, their outlays have grown considerably—from relatively small amounts in the latter 1960's to over \$20 billion in 1978 and over \$30 billion each year since 1981.

The operations of the Government-sponsored enterprises are not subject to the Federal budget review process, and the economic assumptions on which their estimates are based are not necessarily the same as the Administration's economic assumptions shown in Part 2. These enterprises estimate that they will spend \$41.0 billion in 1985, which equals 4.4% of total Federal outlays in that year. The following table shows the total amounts of Government-sponsored loans outstanding and net loans (i.e., the change in loans outstanding) during 1983-85, in billions of dollars:¹⁰

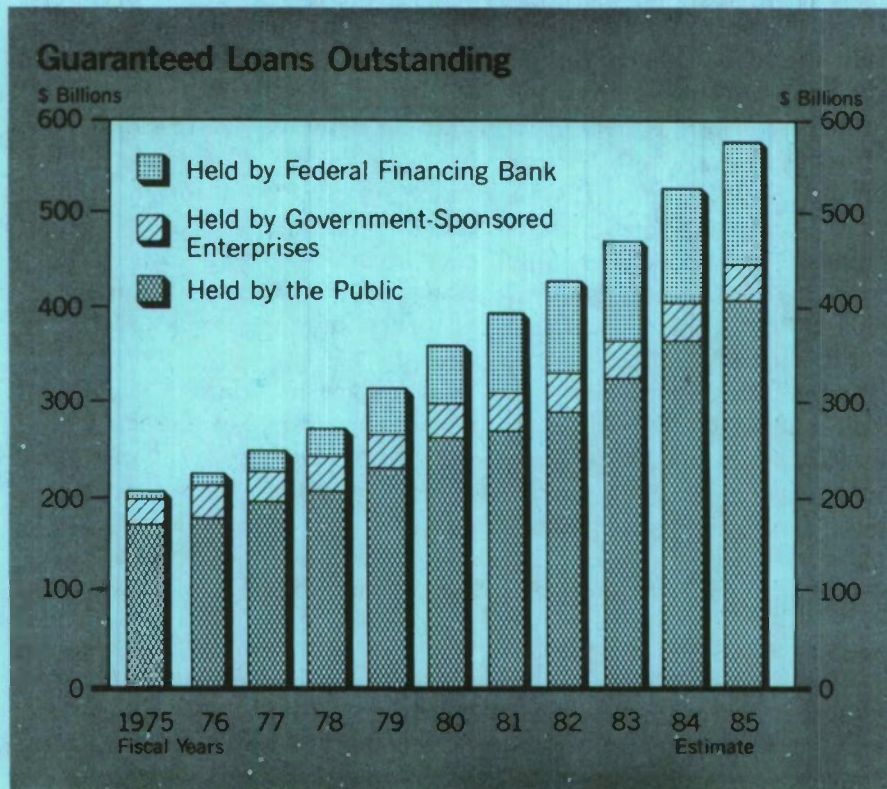
	1983 actual	1984 estimate	1985 estimate
Loans outstanding, end of year	261.2	301.0	343.9
Net loans.....	37.1	39.8	42.9

Loan guarantees.—Government-guaranteed loans are loans for which the Government guarantees the payment of the principal and the interest in whole or in part in the event of borrower default. Loan guarantees are contingent liabilities of the Federal Government. They generally do not result in budget outlays except in case of default.

Guaranteed loans may be made to many types of borrowers: individuals, businesses, State and local governments, and foreign governments. The guarantees may be full or partial, and in some programs, such as the guaranteed student loan program, they are supplemented by explicit subsidies or other forms of assistance. Most guaranteed loans are made by banks or other private institutional lenders, and may take the form of mortgages or bank loans. Others are sold in securities markets. In 1983, 16% of total loan guarantee commitments were used to guarantee direct loans disbursed or purchased by the Federal Financing Bank (FFB), which is described above on pages 6-11 to 6-14. Since the FFB is an off-budget Federal entity, these disbursements are off-budget direct loans. An additional amount of guaranteed loans originally made

¹⁰ In order to prevent double counting in adding Government-sponsored loans to Federal direct loans and guaranteed loans, this table excludes loans from one Government-sponsored enterprise to another, loans from the Federal Government, and guaranteed loans acquired.

by private institutions is purchased and held by privately owned, Government-sponsored enterprises, as the following chart shows.



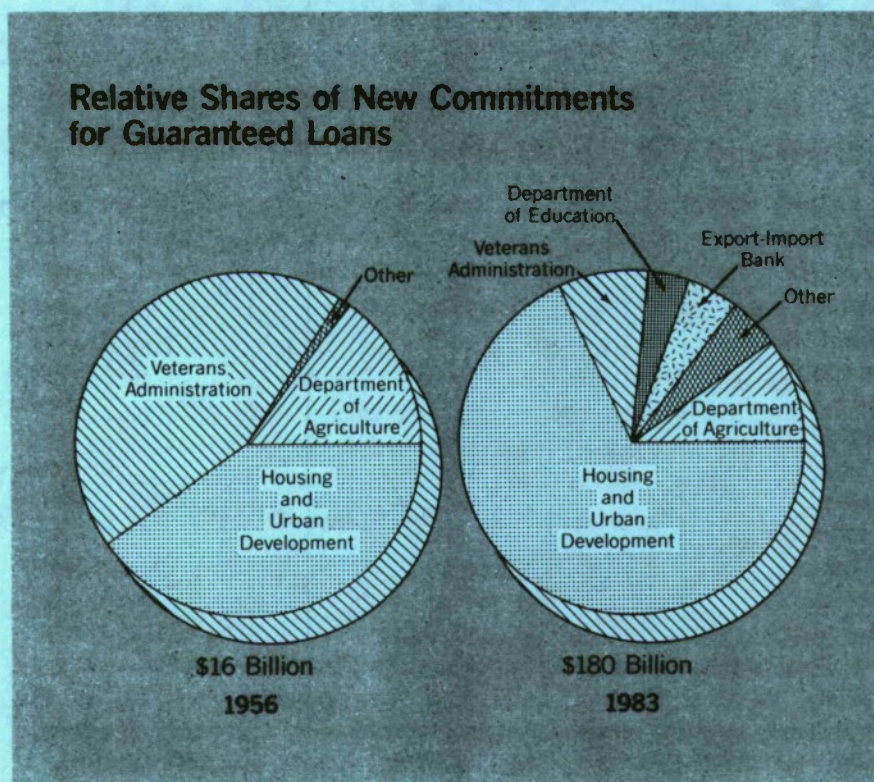
A loan guarantee transfers some or all of the default risk of the loan from the private lender to the Government. Where the Government guarantees timely payment of 100% of the loan principal and interest, it effectively transforms a private loan into a near-government loan financed by a near-government security. The guaranteed loan will not have all the attributes of a Government loan, since private lenders will negotiate different financial terms and conditions (e.g., fees) than would a Government agency. Nor will the guaranteed loan have all of the attributes of a U.S. Treasury security. It will be less liquid and may involve higher transaction costs.

Loan guarantees are designed to allocate economic resources to particular uses by providing credit at more favorable terms than would otherwise be available in the private market. If loan guarantee recipients would not have been sufficiently creditworthy to borrow without Federal assistance, the subsidy provided by the guarantee will be large and the guarantee will directly reallocate credit toward federally selected uses, increasing the total volume of credit channeled into these uses. This leaves a smaller supply of credit to be allocated to those potential borrowers who do not receive assistance, and increases the interest rate to these borrow-

ers. However, the guarantee does not always change the allocation of credit to such a large degree. Some beneficiaries of loan guarantee programs would have been able to secure the funds privately, without Government support. For example, guaranteed mortgage credit might be used to finance, at a lower cost, a house that would have been purchased anyway.

Many of the guarantee programs operated by the Federal Government began in efforts to revive the economy during the depression of the 1930's. The Reconstruction Finance Corporation, created in 1932, was the forerunner of the Export-Import Bank, the Small Business Administration, and other credit programs. The Nation's single largest credit program, the Federal Housing Administration's (FHA) home mortgage insurance program, was created in 1934 to stimulate housing purchases.

During the 1950s and 1960s housing credit dominated Federal credit activities. The home mortgage programs of the FHA and Veterans Administration accounted for 81% of the total volume of new commitments for guaranteed loans in 1956. As the chart below shows, the range of activities financed with Federal guarantees has widened since that time. Guarantees are now offered for business, agriculture, energy, and education, though housing continues to



dominate. For the 1985 budget, home mortgage programs account for 57% of all new guaranteed loan commitments. Assistance for public housing accounts for 15%, and aid to business accounts for 17%. The remaining 11% is primarily for the guaranteed student loan program and for agriculture.

Because loan guarantees are not included in the outlay totals or, usually, in the budget authority totals, they were formerly excluded as well from normal budget discipline. In January 1980 a central control system for Federal credit was instituted to subject guaranteed and direct loans to greater scrutiny throughout the budget process. This system consisted of the Federal credit budget and appropriations bill limitations. The credit budget covers all direct and guaranteed loans by Federal agencies, whether on- or off-budget. Control is effected through appropriations bill limitations, which cover 46% of all new guaranteed loan commitments to be extended in 1985. (See Part 5 for a discussion of credit programs by function, Part 7 for a more complete description of the credit budget and credit control system, and Special Analysis F, "Federal Credit Programs," for a detailed discussion of Federal credit activities.)

Taxation and tax expenditures.—Taxation provides the Government with receipts, which withdraw purchasing power from the private sector in order to finance direct Government expenditure. The structure of the tax system that raises these receipts has important effects on the allocation of resources among private uses and the distribution of income among individuals. These effects are caused by the choice of taxes and by the structural characteristics of each different tax—for example, by the rate schedules, exemptions, deductions, and exclusions of the individual income tax. The effects of taxation on resource allocation and income distribution are analogous to the effects of outlays.

Some features of the tax system have been defined as "tax expenditures" and receive special attention in the budget. Tax expenditures are defined as amounts attributable to provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, a preferential rate of tax, or a deferral of tax liability. The Congressional Budget Act requires that estimates of tax expenditures be published in the budget.

Tax expenditures are so designated because they are one means by which the Federal Government pursues public policy objectives, and because in many cases they can be regarded as an alternative means of achieving the same objectives as direct expenditures. They can also be regarded as an alternative means of achieving the same objectives as other instruments of Government policy, such as

loan guarantees, regulations, and provisions of the tax law other than those provisions that cause tax expenditures. There are numerous examples of the similarity in objective between tax expenditures and direct outlays. For instance, the cost of buying ships built in U.S. shipyards is reduced both by construction subsidies and by the deferral of tax on the income of shipping companies that is used to buy new ships; and the cost of borrowing by eligible persons and businesses is reduced both by direct loans at subsidized interest rates and by tax exemption for bonds. Similarly, State and local governments benefit both from direct grants and from the ability to borrow funds at tax-exempt rates; and individuals benefit both from social security payments and from the tax exemption of most of these payments.

Tax expenditures ordinarily result from permanent legislation and therefore are not submitted to the Congress each year and do not routinely receive a formal and systematic annual review. In this sense they share a legislative status with entitlement programs, such as social security, which do not require annual appropriations. However, tax expenditures, other provisions of the income tax, and other tax laws are generally reviewed whenever fiscal policy decisions are considered regarding the overall level of tax receipts. During the last three years the Administration and the Congress have reviewed entitlement programs, tax expenditures, and other provisions of tax law. Part of this work led to the Tax Equity and Fiscal Responsibility Act of 1982, which changed a number of tax expenditures and other tax law provisions.

The classification of certain provisions of law as resulting in tax expenditures requires some baseline tax structure against which the actual tax law can be compared. Deviations of the law from this standard are deemed to cause tax expenditures. The Congressional Budget Act does not provide an exact specification of the baseline against which tax expenditures are measured.

The baseline used in the budget is intended to consist of the general provisions of the Internal Revenue Code. For the individual income tax, the baseline in the 1983 and 1984 budgets included those provisions that exist under current law for the definition of taxpaying units (including the separate corporation income tax), graduated rate schedules, personal exemptions, zero-bracket amounts (standard deductions), and basic accounting rules. The baseline before 1983 was similar but in addition required that the time pattern of depreciation deductions approximate the useful life of assets and that all cash transfers from government be included in taxable income. By definition, characteristics of the tax structure included in the baseline do not give rise to tax expenditures.

The use of many of the general provisions of the Internal Revenue Code for defining both of these baseline tax structures makes

it clear that listing an item as a tax expenditure does not imply that it is either a desirable or an undesirable provision. When different provisions of the Code are considered to be in the baseline, the list of tax expenditures is different and the amounts of particular tax expenditures may also be different. For example, in contrast with the baseline used in earlier years, the baseline in the 1983 and 1984 budgets included the accelerated cost recovery system (ACRS) as the general method for depreciating assets, and it excluded public assistance payments from baseline income. Therefore, under this standard, neither the use of ACRS nor the exclusion of public assistance benefits from adjusted gross income gave rise to tax expenditures. This year's tax expenditure estimates show tax expenditures relative to both of these baselines.

The baselines used for the 1983-84 budgets and for earlier years are not the only baselines that might be used. In particular, a baseline tax structure might reflect a normative judgment about a fully comprehensive income tax base or consumption tax base. A fully comprehensive income tax base, among other changes, would adjust incomes for the effects of inflation; would integrate the individual and corporation income taxes rather than regarding the separate tax treatment of individuals and corporations as part of the baseline tax structure; would include imputed income, such as the consumption benefits received from owner-occupied homes; and would tax income when it was accrued instead of when it was realized. Thus, for example, the failure under present law to take account of inflation in measuring capital gains and interest income would be regarded as negative tax expenditures. Alternatively, under a consumption tax base, income would not be taxed until consumed. However, the proceeds of loans and of withdrawals from savings accounts would be taxable if they were used for consumption. Under either of these alternative baseline structures, the list of tax expenditures and their estimated amounts would be different than they are now.

Regardless of how the baseline is defined, the provisions of tax law that do not result in tax expenditures deserve as much scrutiny as the provisions of tax law that do. This is because the other provisions also have major effects on the allocation of resources and the distribution of income, and because these other provisions may be alternative means of achieving the same objectives or analogous objectives as tax expenditures achieve. For example, investment in equipment may be stimulated by either an increase in the investment tax credit or a decrease in the corporation income tax rate; the former is a change in a tax expenditure, but the latter is not. Similarly, income support may be provided by either the exclusion of social security benefits from taxable income

or by the zero-bracket amount (standard deduction); the former causes a tax expenditure but the latter does not.

Tax expenditures are estimated in two steps. First, the revenue loss of a tax provision is estimated, i.e., the difference between tax receipts and what tax receipts would be if the tax law were different. If removing a tax provision would increase taxable income, for example, the revenue loss is estimated as the increase in taxable income multiplied by the tax rate that would be paid on the additional income.

The revenue loss is then adjusted to an outlay equivalent, i.e., the amount of outlays that would be required to provide an equal after-tax income to the taxpayer (and thereby an equal incentive) as the special tax provision provides. In many cases the required outlays are greater than the revenue loss, because taxpayers would have to pay taxes on the higher income derived from the outlays. For example, one tax expenditure provision is the exclusion from taxable income of the value of housing and meals supplied to military personnel. If the Government were to repeal this tax exclusion and instead pay higher salaries, the increase in salaries would be taxed. Consequently, if the Government were to use taxable direct expenditures rather than tax expenditures and were to provide the same total after-tax compensation, the increase in direct outlays for higher salaries would have to be greater than the revenue loss under the special tax provision. The Federal deficit would be the same in either case, however, because higher outlays would be required only to the extent needed to make up the difference caused by higher tax receipts.

This adjustment makes the tax expenditures more comparable with direct outlays than the revenue loss would be and therefore more useful in analyzing Federal programs. For some tax expenditures, though, the revenue loss is equivalent to a direct outlay without any adjustment. Special Analysis G, "Tax Expenditures," presents estimates of both tax expenditures and revenue losses, but for program analysis in this budget only the outlay equivalent estimates are used.

The size of a particular tax expenditure depends not only on the tax provision in question but also on the interaction of this provision with the rest of the tax structure. The reductions in the income tax rate schedule enacted in 1981, for example, automatically decreased many tax expenditures below what they otherwise would have been. A tax rate reduction decreases the amount of receipts that would be gained by repealing deductions, exemptions, and exclusions, because lower tax rates are applied to the increase in taxable income.

The interaction among tax provisions means that special calculations are generally needed to add tax expenditures together. For

example, if more than one exclusion from individual income were ended, the gain in receipts would generally be greater than the sum of the separate tax expenditures, because some taxpayers would move into higher tax rate brackets. If more than one personal deduction were ended, the gain in receipts would generally be smaller than the sum of the separate tax expenditures, because some taxpayers would switch to using the zero-bracket amount (standard deduction). Consequently, adding together separate tax expenditures would usually be misleading, and they are not aggregated in this budget except for specially computed totals by functional category.

Tax expenditures are presented at two places in the budget. Part 5, "Meeting National Needs: the Federal Program by Function," discusses the major tax expenditures in each functional category, together with outlays and guaranteed loans, in order to describe more fully the Government's policy. Special Analysis G, "Tax Expenditures," analyzes the concept and measurement of tax expenditures and presents a complete list of tax expenditure estimates for 1983-85.

As discussed in Part 4 of this volume, "Budget Receipts," several tax laws were enacted last year. The bipartisan Social Security Amendments of 1983 included changes in the payroll tax and the individual income tax that helped to ensure the financial solvency of the social security trust funds. One of these changes affected tax expenditures. Part of the social security benefits received by people whose incomes are above specified levels is now subject to tax, which reduces the tax expenditures from not including any social security benefits in adjusted gross income.

The Administration is proposing a number of tax changes in the present budget. Several new or expanded tax expenditures would serve diverse purposes. These tax expenditures include a higher maximum annual contribution to an individual retirement account that is established by a working person for himself or herself and for a spouse who does not receive compensation; a larger tax credit for dependent care expenses paid by low income individuals; a group of incentives for the redevelopment of depressed areas designated as "enterprise zones"; a tuition tax credit for students at private elementary and secondary schools; and education savings accounts for college and university expenses. Other tax expenditures would be reduced. Health insurance premiums that employers pay as part of the compensation of their employees would be included in employees' adjusted gross incomes to the extent they exceeded specified levels; and the use of private purpose tax-exempt bonds, including industrial development bonds, would be limited. The tax expenditure for income from exports would be

altered, several expiring tax expenditures would be extended, and other measures would affect receipts but not tax expenditures.

BUDGET FUNDS AND THE FEDERAL DEBT

The budget consists of two major groups of funds: Federal funds and trust funds.

The Federal funds are derived mainly from taxes and borrowing and are used for the general purposes of the Government. Most of these funds are not restricted by law to any specific Government program. The trust funds, on the other hand, collect certain taxes and other receipts for specified purposes, such as paying social security and unemployment insurance benefits.

BUDGET TOTALS BY FUND GROUP

(In billions of dollars)

	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Budget receipts:					
Federal funds.....	382.4	420.0	464.2	507.2	552.6
Trust funds.....	317.4	331.5	393.5	428.7	465.1
Interfund transactions.....	-99.2	-81.4	-112.6	-121.0	-129.9
Total, budget receipts.....	600.6	670.1	745.1	814.9	887.8
Budget outlays:					
Federal funds.....	600.9	628.8	687.2	737.9	797.5
Trust funds.....	294.3	306.4	350.8	375.2	400.6
Interfund transactions.....	-99.2	-81.4	-112.6	-121.0	-129.9
Total, budget outlays.....	796.0	853.8	925.5	992.1	1,068.3
Budget surplus or deficit (-):					
Federal funds.....	-218.5	-208.8	-223.0	-230.6	-245.0
Trust funds.....	23.1	25.1	42.6	53.5	64.5
Total, budget surplus or deficit (-).....	-195.4	-183.7	-180.4	-177.1	-180.5
Addendum:					
Deficit (-), off-budget Federal entities ¹	-12.4	-16.2	-14.8	-8.8	-7.2
Total, surplus or deficit (-) including off-budget Federal entities.....	-207.8	-199.9	-195.2	-185.9	-187.7

¹ No off-budget Federal entities collect governmental receipts, so receipts are not adjusted when on and off-budget totals are consolidated. The off-budget outlays would be classified as Federal funds outlays if they were included in the budget.

The budget includes the receipts and outlays of both the Federal funds and the trust funds and, as shown in the table above, deducts the various transactions that occur between them. The budget totals for receipts and outlays therefore generally display the net transactions of the Federal Government with the public. The budget does not, however, include the net transactions with the public of the Federal Financing Bank and the other off-budget Federal entities, which have been excluded from the budget under provisions of law.

Thus, as shown in the following table, the combined deficit or surplus of the budget and the off-budget entities is the principal

BUDGET FINANCING AND CHANGE IN DEBT OUTSTANDING ¹

(In billions of dollars)

Description	1983 actual	1984 estimate	1985 estimate	1986 estimate	1987 estimate
Budget surplus or deficit (—).....	— 195.4	— 183.7	— 180.4	— 177.1	— 180.5
Deficit (—) of off-budget Federal entities.....	— 12.4	— 16.2	— 14.8	— 8.8	— 7.2
Total, surplus or deficit (—).....	— 207.8	— 199.9	— 195.2	— 185.9	— 187.7
Means of financing other than borrowing from the public:					
Decrease or increase (—) in cash and other monetary assets.....	— 9.7	17.1			
Increase or decrease (—) in liabilities for:					
Checks outstanding, etc.....	2.5	— 1.0	1.5		
Deposit fund balances.....	2.1	.3	.1		
Seigniorage on coins.....	.5	.5	.6	.8	.8
Total, means of financing other than borrowing from the public.....	— 4.6	16.9	2.2	.8	.8
Total, requirements for borrowing from the public.....	— 212.3	— 183.0	— 193.0	— 185.2	— 186.9
Change in debt held by the public.....	212.3	183.0	193.0	185.2	186.9
Change in Federal agency investments in Federal debt:					
Federal funds.....	.7	2.6	3.4		
Trust funds ²	21.3	24.8	42.0	53.5	64.5
Off-budget Federal entities.....	— .3	— 1.3	— .9		
Deposit funds ³.....	.9	.6	— .7		
Total, change in Federal agency investments in Federal debt.....	22.6	26.7	43.8	53.5	64.5
Change in gross Federal debt.....	234.9	209.7	236.8	238.7	251.4

¹\$50 million or less.²Several amounts have been assumed to be zero in 1986 and 1987 because they are usually small and cannot be estimated accurately.³Estimates for 1986 and 1987 are equal to the total trust fund surplus.⁴Certain deposit funds only.

determinant of the change in the Federal debt held by the public.^{1 1} The budget and off-budget deficits, together with the other factors noted in this table, are estimated to increase the Federal debt held by the public from \$1,141.8 billion at the end of 1983 to \$1,517.8 billion at the end of 1985, with the increase in 1985 being about the same as in 1984. Borrowing is projected on a basis consistent with the economic assumptions that are explained in Part 2 of this volume.

Gross Federal debt is the sum of the debt held by the public and the debt held by the Government itself, which includes such investments as the Treasury debt held by the social security and other trust funds. At the end of 1985 gross Federal debt is estimated to be \$1,828.4 billion, of which debt held by the Government itself is

^{1 1} Table 13 in Part 9 of this *Budget* contains more detail on budget financing through 1985 and shows the levels of debt from 1982 to 1985. Federal debt is discussed further in Special Analysis E, "Borrowing and Debt."

\$310.6 billion. Thus, gross Federal debt is much larger than the Federal debt held by the public.

Gross Federal debt is estimated to rise by \$236.8 billion during 1985. As indicated in the lower section of the previous table, \$43.8 billion of this increment will be held in trust funds and other Federal accounts. This is mainly due to the investment of trust fund surpluses in Treasury debt.

The gross Federal debt consists almost entirely of securities issued by the Treasury Department. However, a few Government agencies are authorized to issue their own debt instruments to the public or to other Government agencies and funds. These securities are part of the gross Federal debt. At the end of 1983 the public held \$3.6 billion of agency debt, most of which was issued some years ago. The greater part consists of revenue bonds issued by the Tennessee Valley Authority and participation certificates in pools of loans issued by the Government National Mortgage Association on behalf of several agencies. Agency debt is expected to fall by small amounts each year as existing agency debt matures and most new agency borrowing is from the Federal Financing Bank (FFB). The FFB finances its purchases of agency debt by borrowing from Treasury, which in turn borrows from the public. To prevent double counting, FFB's holdings of agency debt are not included in gross Federal debt.

FEDERAL FUNDS FINANCING AND CHANGE IN DEBT SUBJECT TO LIMIT

(In billions of dollars)

Description	1983 actual	1984 estimate	1985 estimate
Federal funds surplus or deficit (—).....	—218.5	—208.8	—223.0
Deficit (—) of off-budget Federal entities.....	—12.4	—16.2	—14.8
Total, amount to be financed.....	—230.8	—225.0	—237.8
Means of financing other than borrowing:			
Decrease or increase (—) in cash and monetary assets.....	—9.7	17.1	
Increase or decrease (—) in liabilities for:			
Checks outstanding, etc.....	4.3	—7	2.0
Deposit fund balances.....	2.1	.3	.1
Seigniorage on coins.....	.5	.5	.6
Total, means of financing other than borrowing.....	—2.8	17.2	2.8
Decrease or increase (—) in investments in Federal debt by Federal funds, off-budget entities, and deposit funds ¹	—1.3	—1.9	—1.8
Increase or decrease (—) in Federal funds and off-budget entity debt not subject to limit.....	—1	—1	—1
Total, requirements for borrowing subject to debt limit.....	—235.0	—209.8	—236.9
Change in debt subject to limit.....	235.0	209.8	236.9

⁰ \$50 million or less.

¹ Certain deposit funds only.

Almost all Treasury securities are covered by a general statutory debt limitation. The present limit is \$1,490 billion. However, the debt subject to limit is estimated to rise to \$1,587.8 billion by the end of 1984. Therefore, to permit the Federal Government to meet its obligations, the limit will have to be raised during 1984.

Debt subject to the general statutory limit, like gross Federal debt, includes debt held internally within the Government, such as the Treasury issues held by the social security trust funds. Debt subject to the statutory limit is therefore much larger than the debt held by the public and is nearly as large as gross Federal debt. It is a little less than gross Federal debt primarily because most agency debt is excluded from the general statutory limitation.

Since trust fund surpluses for the most part have been invested in debt securities, rather than being held as cash assets, the Federal funds deficit and the deficit of the off-budget Federal entities must be financed primarily by selling Federal debt. This debt is almost entirely subject to the statutory limit. As shown in the previous table, the Federal funds deficit plus the off-budget deficit was \$230.8 billion in 1983, and the increase in debt subject to statutory limit was \$235.0 billion. Thus, these deficits approximately accounted for the increase in the debt subject to limit.

THE INCREASE IN TOTAL 1983 OUTLAYS OVER THE INITIAL BUDGET ESTIMATE

Budget outlays for 1983 were \$796.0 billion, which is \$38.3 billion higher than the initial estimate made by the Administration in its budget transmitted to Congress in February 1982. The actual outlays in recent years have consistently exceeded the initial budget estimate. The difference, however, has declined steadily from 9.0% in 1980 to 7.0% in 1981, 5.4% in 1982, and 5.1% in 1983. This section reviews the major causes of the 1983 increase.

The following table compares the initial outlay estimate and the actual total in current and constant dollars and as a percent of GNP. Constant dollar outlays were 7.5% above the initial estimate. The table also compares defense and nondefense outlays in current dollars. The actual outlays for defense were 4.8% below the initial

1983 OUTLAY DIFFERENCES

(Dollars in billions)

	February 1982 estimate	Actual	Percent change
Budget outlays:			
Current dollars	757.6	796.0	5.1
National defense	221.1	210.5	-4.8
Nondefense	536.5	585.5	9.1
Constant (fiscal year 1972) dollars	329.9	354.5	7.5
As a percent of GNP	22.1	24.7	11.8
Off-budget outlays (current dollars)	15.7	12.4	-21.0

estimate. Outlays for nondefense programs were 9.1% higher than the estimate.

Chronology of outlay increases.—The Administration's initial outlay estimate for 1983 was \$757.6 billion. As shown on the table below, this was revised several times. In April 1982, the estimate increased \$9.4 billion due primarily to changes in agricultural market conditions. This increase was partly offset in July for several reasons, the most important of which was changes made by Congress in the First Congressional Budget Resolution that were endorsed by the Administration. In February 1983, the outlay estimate increased \$43.7 billion, with upward revisions for unemployment compensation and farm price supports accounting for 70% of this increase. Estimated outlays increased an additional \$4.6 billion due to revisions in April and July 1983, largely because of congressional action on the 1983 jobs bill and the Social Security Amendments of 1983. Actual outlays were \$13.9 billion below the July 1983 estimates due to lower than anticipated spending by most Government agencies. The largest shortfalls occurred in the Department of Defense and the farm price support program.

CHRONOLOGY OF THE 1983 OUTLAY INCREASE

(In billions of dollars)

February 1982.....	757.6
Changes:	
April 1982 (April Update): The largest changes were a \$4.9 billion increase in farm price supports, a \$1.9 billion increase in net interest, and a \$1.1 billion decrease in offsetting receipts from the Outer Continental Shelf.....	9.4
July 1982 (Mid-Session Review): A \$2.5 billion increase in net interest was more than offset by a \$2.1 billion decrease in unemployment compensation and a \$4.1 billion decrease to adjust for action in the first Congressional Budget Resolution.....	- 5.5
February 1983 (1984 Budget): The largest increases were in unemployment compensation (\$14.3 billion), farm price supports (\$16.4 billion), and food and nutrition assistance (\$4.1 billion).....	43.7
April 1983 (April Update): A \$5.4 billion decrease in unemployment compensation was more than offset by a \$3.0 billion increase in farm price supports and increases due to the 1983 jobs bill (\$2.1 billion) and the Social Security Amendments of 1983 (\$1.0 billion).....	3.3
July 1983 (Mid-Session Review): The largest increase was a \$1.1 billion technical reestimate in the Social Security program.....	1.3
October 1983 (Year-End Statement): The largest decreases were for the Department of Defense (\$3.9 billion) and farm price supports (\$3.0 billion).....	- 13.9
Total increase.....	38.3
Actual.....	796.0

Major causes of the increase.—The following table shows the approximate distribution of the increase in budget outlays according to three categories: (1) policy changes, (2) economic conditions that were different from the original assumptions, and (3) estimating and other differences.¹²

Changes in policy explain approximately \$18.7 billion of the total increase. The net effect of changes in economic conditions was an increase of \$3.0 billion. Estimating differences and other changes account for the remainder.

SUMMARY OF REASONS FOR DIFFERENCES IN 1983 OUTLAYS

(in billions of dollars)

	Total
Reasons for difference (net):	
Policy changes	18.7
Economic conditions	3.0
Estimating differences and other changes	16.6
Total	38.3

Policy changes to the 1983 budget proposals were a result of both revised Administration proposals and congressional action that differed from the initial Administration proposals. The net increase due to policy changes was approximately \$18.7 billion. Outlays for national defense programs were \$8.8 billion lower than proposed, while outlays for nondefense programs were \$27.5 billion higher. Policy changes were much more important than in the two previous years; they accounted for a \$5.7 billion increase in 1981 and a \$0.9 billion outlay decrease in 1982.

Policy changes for discretionary programs accounted for \$1.4 billion, or only 7 percent of the total policy increase. This includes increases enacted in the 1983 jobs bill and in both regular and supplemental appropriations bills. Congress reduced outlay levels for annually funded defense-related programs by \$5.3 billion from the Administration's request.

Outlays for entitlement programs were about \$12.1 billion above the Administration's proposal due to policy changes. Three-quarters of this increase is accounted for by changes affecting unemployment compensation, railroad retirement, and food stamps. Outlays for the unemployment compensation program were \$5.8 billion above the original proposal due to congressional enactment of the Federal supplemental compensation program, revision of the program for unemployment compensation for ex-service members, and failure to enact \$0.1 billion in proposed savings. Railroad retirement (\$2.0 billion) and food stamps (\$1.7 billion) increased as a

¹² The amounts in the first two categories account for only the major items, and the third category is a residual. The figures, therefore, are approximations.

result of Congress's failure to enact savings proposed by the Administration.

Policy changes for other mandatory programs and for several of the user fee proposals also increased outlays. For the Commodity Credit Corporation, policy changes of \$3.5 billion were composed of several items, including increases in grain reserve loan rates, increased donations of dairy products owned by the Commodity Credit Corporation, and acreage diversion payments and export promotion subsidies mandated by the Omnibus Budget Reconciliation Act of 1982.

Economic conditions differed from those forecast in February 1982 as shown in the following table. Growth in real GNP was 4.7 percentage points lower than projected for 1982 but slightly higher for 1983. Inflation was lower than projected for both 1982 and 1983, whether measured by the GNP deflator or by the Consumer Price Index. The unemployment rate was 0.7 percentage points higher than projected in 1982 and 1.6 percentage points higher in 1983. Interest rates, as measured by the 91-day Treasury bill rate, were 1.0 percentage point lower than estimated for 1982 and 1.9 percentage points lower in 1983.

COMPARISON OF FEBRUARY 1982 ECONOMIC ASSUMPTIONS AND ACTUAL ECONOMIC PERFORMANCE

(Calendar years)

	February 1982 estimate		Actual		Difference	
	1982	1983	1982	1983	1982	1983
Percent change:						
GNP (constant 1972 dollars): 4th quarter over 4th quarter	3.0	5.2	-1.7	6.1	-4.7	0.9
Inflation (4th quarter over 4th quarter):						
GNP deflator	7.2	5.5	4.4	4.1	-2.8	-1.4
Consumer Price Index (CPI)	6.6	5.1	4.5	2.9	-2.1	-2.2
Civilian unemployment rate (annual average) ..	8.9	7.9	9.6	9.5	0.7	1.6
Interest rate (91-day bills, annual average)	11.7	10.5	10.7	8.6	-1.0	-1.9

The difference between economic assumptions and economic performance resulted in a net increase in outlays of \$3.0 billion. The following table shows the major effects of differences between the initial economic forecast and the actual performance of the economy. Lower inflation reduced outlays for indexed programs by \$4.6 billion. Higher unemployment increased outlays by \$5.6 billion; more than half of the increase was for unemployment benefits. The net effect of lower interest rates and higher borrowing decreased outlays by \$4.1 billion. Receipts from sales and leases on the Outer Continental Shelf were \$6.0 billion lower than initially estimated due primarily to changes in economic conditions in world oil markets.

**EFFECT OF DIFFERENCES BETWEEN ESTIMATED AND ACTUAL ECONOMIC CONDITIONS ON 1983
OUTLAYS**

(In billions of dollars)

Price differences:	
Cost of living adjustments:	
Social security.....	Difference -2.3
Federal retirement.....	-0.6
Food and nutrition assistance.....	-0.3
Other.....	-0.4
Medical prices:	
Medicare and medicaid.....	-1.0
Subtotal, price differences.....	-4.6
Unemployment rate differences:	
Unemployment compensation.....	3.0
Other.....	2.6
Subtotal, unemployment rate differences.....	5.6
Interest differences:	
Net interest: ¹	
Interest rates.....	-10.3
Differences in borrowing.....	6.7
Guaranteed student loans.....	-0.5
Subtotal, interest differences.....	-4.1
Receipts from the Outer Continental Shelf and other adjustments.....	6.1
Total.....	3.0

*\$50 million or less.

¹ Includes effects of differences in borrowing for all reasons, including reasons other than economic assumptions.

Estimating differences and other changes increased 1983 outlays by \$16.6 billion. The largest estimating adjustment was for the Commodity Credit Corporation, which spent \$13.5 billion more than originally estimated for the support of agricultural commodity prices. This increase was primarily a result of unexpectedly high levels of farm crop production. Outlays for interest were reduced \$2.8 billion because more interest than estimated was received on loans made by the Commodity Credit Corporation. Outlays also increased as a result of the failure to achieve some of the savings proposed for management initiatives.

**COMPARISON OF RELATIVELY UNCONTROLLABLE
OUTLAYS AND OF RECEIPTS**

The Congressional Budget Act requires that the budget contain two comparisons between the initial budget estimates and the actual amounts for the last completed fiscal year: a comparison of the differences in relatively uncontrollable outlays by major program, and a comparison of the differences in receipts by major source. These comparisons are made in the following two sections

for the 1983 budget, which was submitted in February 1982 for the fiscal year ending on September 30, 1983.

Comparison of relatively uncontrollable outlays.—Outlays in any one year are considered to be relatively uncontrollable when the program level is determined by existing statutes or by contracts or other obligations. Outlays for these programs generally depend on factors that are beyond administrative control under existing law at the start of the fiscal year. For example, the definition of beneficiaries eligible for programs like medicaid and social security is established by law. Prior-year contracts and obligations are also legally binding.

Relatively uncontrollable outlays are grouped into two major categories: open-ended programs and fixed costs, for which outlays are generally mandated by law; and payments from prior-year contracts and obligations, for which outlays are required because of previous action, such as entering into contracts. Budget estimates of relatively uncontrollable outlays do not include the effects of proposed legislation.

For a number of reasons, the amounts estimated in the budget may differ from the actual outlays that are subsequently realized. For example, legislation may change benefit rates or coverage; the actual number of beneficiaries may differ from the number estimated; and economic conditions (such as interest rates) may differ from what was assumed in making the estimates.

The following table shows the differences between actual outlays for relatively uncontrollable programs in 1983 and the amounts estimated in the 1983 budget. The list of programs is the same as in table 20 (Controllability of Budget Outlays) in Part 9. Beginning in this budget, the administrative costs of relatively uncontrollable payments for individuals, which are controlled through limitations, are classified as relatively controllable in table 20. However, for the purpose of making a comparison to the original estimates in the 1983 budget, this table uses the old classification.

Actual outlays for relatively uncontrollable programs in 1983 were \$600.7 billion, which is \$15.2 billion, or 2.6%, higher than the estimates based on existing law in February 1982. Outlays for open-ended programs and fixed costs were \$16.2 billion above the initial estimate, and outlays from prior-year contracts and obligations were \$1.0 billion lower.

Payments for individuals, which are essentially income transfers, were 76% of all open-ended programs and fixed costs in 1983. Actual outlays for this grouping were \$6.1 billion higher than estimated. This increase was the net effect of legislative action, differences between actual and assumed economic conditions, and the number of beneficiaries.

RELATIVELY UNCONTROLLABLE OUTLAYS FOR 1983

(In billions of dollars)

Relatively uncontrollable under present law	February 1982 estimate (existing law)	Actual	Change
Open-ended programs and fixed costs:			
Payments for individuals: ¹			
Social security and railroad retirement.....	175.6	174.1	-1.5
Federal employees' retirement and insurance.....	48.7	47.3	-1.4
(Military retired pay).....	16.6	15.9	-0.6
(Other).....	32.1	31.4	-0.7
Unemployment compensation.....	22.7	31.5	8.8
Medical care.....	76.0	75.8	-0.2
Assistance to students.....	5.1	4.4	-0.7
Food and nutrition assistance.....	3.0	3.3	0.3
Public assistance and related programs.....	21.1	21.7	0.7
All other relatively uncontrollable payments for individuals.....	2.8	2.9	*
Subtotal, payments for individuals.....	354.9	361.0	6.1
Other open-ended programs and fixed costs:			
Net interest.....	96.8	89.8	-7.0
General revenue sharing.....	4.6	4.6	*
Farm price supports (CCC).....	1.9	18.9	17.0
Other open-ended programs and fixed costs.....	-2.2	-2.2	*
Subtotal, other open-ended programs and fixed costs.....	101.0	111.0	10.0
Total, open-ended programs and fixed costs.....	455.8	472.0	16.2
Outlays from prior-year contracts and obligations:			
National defense.....	70.2	68.3	-1.9
Civilian programs.....	59.5	60.4	0.9
Total, outlays from prior-year contracts and obligations.....	129.7	128.7	-1.0
Total, relatively uncontrollable outlays.....	585.5	600.7	15.2

* \$50 million or less.

¹ Beginning in this budget, the administrative costs of relatively uncontrollable payments for individuals, which are controlled through limitations, are classified as relatively controllable. However, for the purpose of making a comparison to the original estimates in the 1983 budget, this table uses the old classification.

Outlays for social security and railroad retirement, the largest category of payments for individuals, were \$1.5 billion lower than estimated. The original estimate assumed automatic benefit increases (based on inflation as measured by the Consumer Price Index) of 8.1% in July 1982 and 6.5% in July 1983. The actual increase in July 1982 was 7.4%. As a result of the Social Security Amendments of 1983 there was no automatic increase in 1983. Instead, the adjustment was delayed from July 1983 to January 1984. The original estimate also assumed that 36.3 million people would collect social security benefits in 1983. Instead the program was making payments to 35.9 million individuals.

Outlays for Federal employees' retirement and disability insurance programs were \$1.4 billion below the budget estimate. These programs consist of military retired pay, civilian employee retirement and disability, and veterans service-connected compensation.

Except for veterans service-connected compensation, these benefits are indexed to the consumer price index. Outlays for the indexed programs were below the initial estimate primarily due to lower than expected inflation in 1983.

Outlays for unemployment compensation programs were \$8.8 billion above the initial estimate. This increase was the result of a higher than assumed rate of unemployment and enacted legislation. Higher unemployment raised outlays by \$3.0 billion; enactment of the Federal Supplemental Compensation Act, changes in unemployment compensation for ex-service members, and failure to enact \$0.1 billion in proposed savings raised outlays \$5.8.

Outlays for medical care were \$0.2 billion lower than estimated. Medicare outlays were \$0.2 billion below the initial estimate. Outlays for the medicaid program were \$0.1 above the initial estimate.

Assistance to students consists of GI bill benefits and the guaranteed student loan program. Outlays for the guaranteed student loan program were \$0.8 billion below the estimate due to the net effect of lower than expected interest rates and participation, and higher than expected interest subsidies reflecting recent changes in borrowing patterns. Use of GI benefits was \$0.1 billion greater than anticipated.

Food and nutrition assistance includes the child nutrition and special milk programs. Outlays for these programs were \$0.3 billion higher than estimated because a greater number of meals were served than initially anticipated.

Public assistance and related programs include public assistance payments, supplemental security income, outlays for earned income tax credits, and veterans non-service-connected pensions. Outlays for these programs were \$0.7 billion above the estimate. The largest change occurred in public assistance payments.

Uncontrollable outlays for all other payments for individuals were only slightly higher than estimated, due primarily to higher than expected payments for black lung disabilities.

Open-ended programs and fixed costs other than payments for individuals account for 66% of the difference between estimated and actual relatively uncontrollable outlays. Outlays for net interest were \$7.0 billion—or 7.2%—lower than the original estimate. This decrease was due in part to lower interest rates than anticipated, which were offset, to some extent, by more Federal borrowing than expected. The budget estimate assumed an 11.1% interest rate on 91-day Treasury bills for fiscal year 1983 whereas the actual rate averaged 8.6%. Another portion of the decrease, \$2.8 billion, was a result of more interest than estimated being received on loans made by the Commodity Credit Corporation.

Outlays for farm price supports (Commodity Credit Corporation) were \$17.0 billion above the initial estimate. This change was due to policy changes as well as unanticipated increases in farm production.

Outlays for prior-year contracts and obligations for civilian and national defense programs were \$1.0 billion below the initial estimate. National defense outlays were \$1.9 billion—or 2.7%—below the estimate because of slower than anticipated spending. Outlays for civilian programs were \$0.9 billion, or 1.5%, above the initial estimate. The largest decreases in civilian programs occurred for Federal aid to highways and training and employment services.

Comparison of actual and estimated receipts.—Budget receipts in 1983 were \$600.6 billion, which is \$65.6 billion less than the February 1982 estimate of \$666.1 billion.

Lower than anticipated incomes, oil prices, and interest rates reduced 1983 receipts by \$64.2 billion below the budget estimate. Changes in collection patterns and effective tax rates reduced receipts by an additional \$8.1 billion. These decreases were offset to a very small extent by differences in tax law and administrative actions from the changes proposed in the budget, which increased 1983 receipts by \$6.7 billion. These legislative and administrative differences consisted of modifications of the proposals reflected in the 1983 budget and of changes that were not proposed at that time.

COMPARISON OF ACTUAL 1983 BUDGET RECEIPTS WITH THE FEBRUARY 1982 ESTIMATES

(In billions of dollars)

	February 1982 estimate	Differ- ences in tax law and adminis- trative actions from 1982 proposals	Different economic conditions	Technical factors	Net change	Actual
Individual income taxes.....	304.5	0.7	-24.4	8.1	-15.6	288.9
Corporation income taxes.....	65.3	-1.2	-17.2	-9.9	-28.2	37.0
Social insurance taxes and contributions.....	222.5	3.2	-12.7	-4.0	-13.5	209.0
Excise taxes.....	41.7	4.0	-7.8	-2.6	-6.4	35.3
Estate and gift taxes.....	5.9		-0.3	0.4	0.1	6.1
Customs duties.....	9.4	*	-0.4	-0.3	-0.7	8.7
Miscellaneous receipts.....	16.8	*	-1.4	0.2	-1.2	15.6
Total.....	666.1	6.7	-64.2	-8.1	-65.6	600.6

* \$50 million or less.

A variety of tax changes designed to eliminate abuses and remove obsolete incentives, together with several improvements in tax collection and enforcement, were proposed in the 1983 budget. These proposals were estimated to increase 1983 receipts by \$12.7 billion. Other proposals, which were estimated to increase 1983

receipts by a net \$0.1 billion, included modification of the railroad retirement system; the extension of social security hospital insurance taxes to Federal employees; and increases in passport, visa, and airport and airway user fees. Together, the February 1982 proposals were estimated to increase 1983 receipts by \$12.8 billion.

Two major tax laws were enacted during 1982 that affected 1983 receipts. The first, the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), included a number of provisions that were modifications of budget proposals. This Act increased 1983 receipts primarily by eliminating unintended benefits and obsolete incentives, providing mechanisms to increase taxpayer compliance and improve collection techniques, and revising existing excise and employment taxes. The second major tax law, the Highway Revenue Act of 1982, included a number of changes in highway-related taxes that had not been proposed in the 1983 budget. The main revenue provision of this Act affecting 1983 receipts increased the excise tax on gasoline and diesel fuel to 9 cents a gallon effective April 1, 1983. These two Acts and several minor legislative and administrative changes increased 1983 receipts by \$6.7 billion more than the Administration had proposed.

Individual income taxes were \$288.9 billion in 1983, \$15.6 billion less than the budget estimate of \$304.5 billion. Lower than anticipated personal incomes reduced individual income taxes by \$24.4 billion. This reduction was partially offset by different collection patterns and effective tax rates than had been assumed, which increased individual income tax receipts by \$8.1 billion. Differences in tax law from the changes proposed in February 1982 increased individual income taxes by an additional \$0.7 billion.

Corporation income taxes were \$28.2 billion below the budget estimate, in large part due to lower than anticipated corporate profits and different collection patterns and effective tax rates, which reduced receipts by \$17.2 billion and \$9.9 billion, respectively. Substitution of TEFRA for the tax code revisions and the improvements in collection and enforcement proposed in February 1982 reduced corporation income taxes by an additional \$1.1 billion. The major provisions of TEFRA that affected 1983 corporation income taxes included the acceleration of corporation income tax payments, changes in the taxation of life insurance companies, and modifications of leasing rules and the completed contract method of accounting. Several minor legislative changes that were not proposed in February 1982 accounted for the remaining \$0.1 billion decrease in corporation income tax receipts.

Social insurance taxes and contributions (which are composed of employment taxes and contributions, unemployment insurance receipts, and other retirement contributions) were \$13.5 billion less than the February 1982 estimate of \$222.5 billion. Lower than

anticipated wages and salaries and self-employment earnings reduced these receipts by \$12.7 billion. This decline was partially offset by congressional inaction on the proposed privatization of the railroad retirement system and by the changes in the Federal unemployment insurance tax rate and base provided in TEFRA, which increased receipts by \$1.7 billion and \$1.5 billion, respectively.

Lower than estimated collections of the windfall profit tax, due in large part to the unanticipated decline in oil prices, reduced 1983 excise taxes by \$11.2 billion. This was partially offset by a \$4.8 billion increase in other excise taxes. Substitution of the excise tax increases provided in TEFRA and the Highway Revenue Act of 1982 for the changes proposed in February 1982 accounted for \$4.0 billion of the rise in other excise tax receipts.

Estate and gift taxes were \$0.1 billion above the February 1982 estimate, and customs duties were \$0.7 billion lower. An overestimate of imports was in large part responsible for the decrease in customs duties receipts.

A decrease in deposits of earnings by the Federal Reserve System, primarily reflecting lower interest rates than anticipated, accounted for most of the \$1.2 billion decline in miscellaneous receipts.

ALLOCATION OF WINDFALL PROFIT TAX RECEIPTS

Section 102 of the Crude Oil Windfall Profit Tax Act of 1980 requires that each year the President propose the allocation of net receipts from the tax in his budget.

This act establishes a Windfall Profit Tax Account in the Treasury "for accounting purposes only." After the Secretary of the Treasury has determined the amount of net receipts from the tax, they are to be allocated to the Windfall Profit Tax Account. Since the Conference Report accompanying the act stated explicitly that the net receipts from the tax "shall not be earmarked or invested separately from general revenues . . .", the allocations referred to in section 102 cannot be interpreted as earmarking funds for specific purposes.

The method for these allocations is prescribed by three formulas in subsections b(1), b(2), and b(3) of section 102. The allocations for 1985 are compared in the following table with the amounts included in this budget for the functional categories referred to in the formula.

ALLOCATION OF WINDFALL PROFIT TAX, NET RECEIPTS, 1985

(In millions of dollars)

	Section 102 Formula	1985 Budget
Total net receipts.....	4,120	4,120
Allocation:		
Low-income assistance.....	1,030	¹ 20,605
Energy and transportation programs.....	618	² 21,775
Income tax reductions.....	2,472	
Total	4,120	42,380

¹ This amount is the total outlays for the other income security subfunction (609).² This amount is the total outlays for all programs in the energy function (270) and the ground transportation subfunction (401).

PART 7

THE BUDGET SYSTEM
AND CONCEPTS

7-1

THE BUDGET SYSTEM AND CONCEPTS

The budget system of the U.S. Government provides the framework within which decisions on resource allocation and program management are made in relation to the requirements of the Nation, availability of Federal resources, effective financial control, and accountability for use of the resources.

THE BUDGET PROCESS

The budget process has three main phases: (1) executive formulation and transmittal; (2) congressional action; and (3) budget execution and control. Each of these is interrelated with the others.

Executive formulation and transmittal.—The budget sets forth the President's financial plan and indicates his priorities for the Federal Government. The President's transmittal of his budget to the Congress early in each calendar year is the culmination of many months of planning and analysis throughout the executive branch.

Formulation of a budget begins not later than the spring of the year before it is transmitted. The budget is formulated in the context of a multi-year budget planning and tracking system that extends coverage to the 4 years following the budget year and integrates long-range planning into the executive budget process. This multi-year budget planning system requires that broad fiscal goals and agency spending and employment targets be established beyond the budget year.

During the period when a budget is formulated in the executive branch, there is a continual exchange of information, proposals, evaluations, and policy decisions among the President, the Office of Management and Budget (OMB) and other Executive Office units, and the various Government agencies. The President also receives projections of the economic outlook that are prepared jointly by the Council of Economic Advisers, OMB, and the Treasury.

Following a review of these projections, the President establishes general budget and fiscal policy guidelines. General policy directions and planning ceilings for both the fiscal year that will begin about 15 months later and for the 4 years beyond are then given to the agencies to govern the preparation of their budget requests.

The primary phase of the budget process involves the formulation and preparation of the President's budget for transmittal to

the Congress. Throughout the fall and early winter, the executive branch is involved in this phase of the process. Agency budget requests are submitted to OMB, where they are reviewed in detail, and recommendations are made. These recommendations may be revised as a result of Presidential review. Fiscal policy issues, which affect budget outlays and receipts, are reexamined. The effect of budget decisions on receipts, budget authority, and outlays in the years that follow are also considered and are explicitly taken into account, consistent with the multi-year budget planning system. Thus, the budget formulation process involves the simultaneous consideration of the resource needs of individual programs and the total outlays and receipts that are appropriate in relation to current and prospective economic conditions.

The Congressional Budget Act of 1974 requires that current services estimates be transmitted to provide the Congress with a basis for reviewing the President's budget. These estimates are projections of budget authority and outlays required to continue Federal programs and activities without policy changes from the fiscal year in progress. These current services estimates and similar estimates for receipts are included in the President's budget to facilitate comparison with the budget estimates.¹

Congressional action.—The Congress can act to approve, modify, or disapprove the President's budget proposals. It can change funding levels, eliminate proposals, or add programs not requested by the President. It also enacts legislation affecting taxes and other sources of receipts.

In making appropriations, the Congress does not vote on the level of outlays directly, but rather on budget authority. The Congress first enacts legislation that *authorizes* an agency to carry out a particular program and, in some cases, includes limits on the amount that can be appropriated for the program. Many programs are authorized for a specified number of years or indefinitely; other programs, such as most nuclear energy, space exploration, defense procurement, foreign affairs, and some construction programs, require annual authorizing legislation.

Provision of *budget authority* is usually a separate, subsequent action. Generally, budget authority becomes available each year only as voted by the Congress in appropriation acts. However, in a number of cases the Congress has voted permanent budget authority, under which funds become available annually without further Congressional action. Many trust fund appropriations are permanent, as are a number of Federal fund appropriations, such as the appropriation to pay interest on the public debt.

¹ See Special Analysis A, "Current Services Estimates."

Congressional review of the budget begins when the President transmits his budget estimates to the Congress within 15 days after the start of each new session in January, as required by law. Occasionally, the transmittal date is modified by a joint resolution of the Congress. Under the procedures established by the Congressional Budget Act of 1974, the Congress considers budget totals before completing action on individual appropriations. The act requires each standing committee of the Congress to report on budget estimates to the House and Senate Budget Committees by March 15. It also requires the Congressional Budget Office to submit a fiscal policy report to the two budget committees. The Congress adopts the first concurrent budget resolution as a guide in its subsequent consideration of appropriations and revenue measures. The first budget resolution, which is scheduled to be adopted by May 15, sets targets for total receipts and for budget authority and outlays, in total and by functional category. For the three years prior to 1983, the Congress enacted omnibus reconciliation legislation that reduced budget authority and outlays or increased revenues in response to directives in the concurrent budget resolution. Congress had not completed action on omnibus reconciliation legislation for fiscal year 1984 as of the end of the first session of the 98th Congress.

Congressional consideration of requests for appropriations and for changes in revenue laws occurs first in the House of Representatives. The Appropriations Committee, through its subcommittees, studies the requests for appropriations and examines in detail each agency's performance. The Ways and Means Committee reviews proposed revenue measures. Each committee then recommends the action to be taken by the House of Representatives.

When the appropriation and tax bills are approved by the House, they are forwarded to the Senate, where a similar review process is followed. In case of disagreement between the two Houses of the Congress, a conference committee (consisting of Members of both bodies) meets to resolve the differences. The report of the conference committee is returned to both Houses for approval. When the measure is agreed to, first in the House and then in the Senate, it is ready to be transmitted to the President as an enrolled bill, for his approval or veto.

The Congressional Budget Act also calls for the Congress to adopt a second concurrent budget resolution by September 15. In 1981, however, the second resolution simply endorsed the totals in the first resolution. In 1982 and 1983, the first resolution provided that its amounts would remain in effect if Congress did not pass a second resolution. In both years, Congress did not pass a second resolution. The September 15 target was originally set in anticipa-

tion of the enactment of all regular appropriations bills by that time.

After the second budget resolution is adopted, the Congressional Budget Act provides that Congress may not consider any spending or revenue legislation that would breach the totals specified in this resolution. The Congress may, however, adopt a new budget resolution changing the levels previously set or waive the requirement not to exceed the resolution totals.

If action on appropriations is not completed by the beginning of the fiscal year, the Congress enacts a *continuing resolution* to provide authority for the affected agencies to continue financing operations up to a specified date or until their regular appropriations are enacted.

Budget execution and control.—Once approved, the President's budget, as modified by the Congress, becomes the basis for the financial plan for the operations of each agency during the fiscal year. Under the law, most budget authority and other budgetary resources are made available to the agencies of the executive branch through an apportionment system. The Director of OMB apportions (distributes) appropriations and other budgetary resources to each agency by time periods or by activities, to ensure the effective use of available resources and to preclude the need for additional appropriations.

Changes in laws or other factors may indicate the need for additional appropriations during the year, and supplemental requests may have to be sent to the Congress. On the other hand, reserves may be established under certain circumstances to provide for contingencies or to effect savings made possible by changes in requirements or greater efficiency of operations. Amounts may also be withheld from obligation for policy or for other reasons. The Impoundment Control Act of 1974 provides that the executive branch, in regulating the rate of spending, must report to the Congress any deferrals or proposed rescissions² of budget authority; that is, any effort through administrative action to postpone or eliminate spending provided by law.

COVERAGE OF THE BUDGET TOTALS

Agencies and programs.—The budget totals cover agencies and programs (including Government corporations) no matter how funded, except for the following off-budget Federal entities:

Rural electrification and telephone revolving fund

Rural Telephone Bank

Board of Governors of the Federal Reserve System

² See page 7-9 for definitions of these terms.

SPR Petroleum Account
Federal Financing Bank
Postal Service fund
United States Railway Association ³
United States Synthetic Fuels Corporation ⁴

The off-budget Federal entities listed above are discussed in Part 6 of this volume. Schedules and financial statements are presented in Part III of the Budget Appendix. Except for the Federal Reserve Board, these data are also presented in selected tables throughout the budget documents.

The budget totals do not include transactions of privately owned, Government-sponsored enterprises, such as the Federal land banks and Federal home loan banks. However, these enterprises are discussed in Part 6 of this volume and Special Analyses E and F, and financial statements are presented in Part V of the Budget Appendix.

Functional classification.⁵—The functional classification arrays budgetary data according to the major purpose served by the unit being classified. In accordance with the Congressional Budget Act of 1974, the Congressional budget resolutions establish budget targets by these functional categories.

The following criteria are used in establishing and in assigning activities to functional categories:

- A function must have a common end or ultimate purpose addressed to an important national need. (The emphasis is on what the Federal Government seeks to accomplish rather than the means of accomplishment, what is purchased, or the clientele or geographic area served.)
- A function must be of continuing national importance and the amounts attributable must be significant.
- Each basic unit of classification (generally the appropriation or fund account) is classified into the single best or predominant purpose and assigned to only one subfunction. However, when an account is large and serves more than one major purpose, it may be subdivided into two or more subfunctions.
- Activities and programs are normally classified by common purpose (or function) regardless of which agencies conduct the activities.

National needs presentation.—Section 601 of the Congressional Budget Act of 1974 requires that the budget for each fiscal year

³ Amounts made available for investments in Conrail securities, which comprise almost all of the Association's activity after 1977, are included in the budget totals.

⁴ Cash requirements of the Corporation are met by borrowing from the Secretary of the Treasury. Such borrowing is financed by appropriations to the Secretary, and thus is reflected as budget authority and outlays within the budget totals.

⁵ A discussion of this subject is also found in Part 5 of this volume.

shall contain a presentation of budget authority, proposed budget authority, outlays, proposed outlays, and descriptive information in terms of—

- (1) a detailed structure of national needs, which shall be used to reference all agency missions and programs;
- (2) agency missions; and
- (3) basic programs.

To meet that requirement of law, the functional classification was refined to focus more sharply on end purposes and accomplishments. Each major function is described in the context of national needs being served, and subfunctions are described in the context of major missions devoted to serving national needs. A statement of national needs to be met by each major function, except net interest, can be found in Part 5 ("Meeting National Needs: the Federal Program by Function").

Types of funds.—Agency activities are financed through Federal funds and trust funds.

Federal funds are of several types. The *general fund* is credited with receipts not earmarked by law for a specific purpose and with the proceeds of general borrowing. It is charged with payments from appropriations. *Special funds* contain Federal receipts earmarked for specific purposes, other than for carrying out a cycle of operations. *Public enterprise* (revolving) *funds* finance a cycle of business-type operations in which outlays generate collections, primarily from the public. *Intragovernmental funds*, including revolving and management funds, finance operations within and between Government agencies and are credited with collections primarily from other Government accounts. Intragovernmental revolving funds are credited with collections earmarked by law to carry out a cycle of business-type operations within and between Government agencies.

Trust funds are established to account for the receipt and expenditure of monies by the Government for carrying out specific purposes and programs in accordance with the terms of a statute or trust agreement. These monies are not available for the general purposes of the Government. *Trust revolving funds* are credited with trust-type collections earmarked by law to carry out a cycle of business-type operations.

Current expense and capital investment.—The budget includes spending for both current operating expenses and capital investment, such as the purchase of lands, structures, and equipment. It also includes capital investment in the form of lending and the purchase of investments.⁶

⁶ These categories of outlays are discussed in Special Analysis D, "Investment, Operating, and Other Federal Outlays."

BUDGET AUTHORITY AND RELATED TRANSACTIONS

Budget authority.—Government agencies—whether or not they are included in the budget totals—are permitted to enter into obligations requiring either immediate or future payment of money only when they have been granted authority to do so by law. This authority is usually provided as budget authority. Collections specifically authorized to be credited to appropriation and fund accounts, while not scored as budget authority, are also available for obligation. Budget authority, and in some cases the use of other resources, usually requires the approval of both authorizing committees and Appropriations Committees. The availability or use of budgetary resources may be further restrained by the imposition of legally binding limitations on direct loans or other obligation levels.⁷

Budget authority permits *obligations* to be incurred. The amounts of budget authority requested are determined by the nature of the programs or projects being financed and the amount of other resources available for the purpose.

For activities such as operations and maintenance, entitlement programs, and continuing research programs, for which the cost depends upon the program level planned for a fiscal year, the amount of budget authority requested covers the obligations expected to be incurred during the year.

For most projects that are separate and distinct units, particularly direct Federal major procurement and construction projects, “full funding” is requested. That is, budget authority is requested in sufficient amounts at the time the project is initiated to complete it, regardless of the expected time of completion.

Budget authority usually takes the form of *appropriations*, which permit obligations to be incurred and payments to be made. Some budget authority is in the form of *contract authority*, which permits obligations in advance of appropriations but requires a subsequent appropriation or the collection of revenues to liquidate (pay) these obligations. There is also *authority to borrow*; such budget authority permits obligations to be incurred and liquidated by using funds that are borrowed, generally from the Treasury.

It is not in order for either House of the Congress to consider any bill, with certain exceptions, that provides new borrowing or contract authority unless that bill also provides that such new spending authority will be effective only to the extent or in such amounts as provided in appropriations acts.

Most appropriations for current operations are made available for obligation only during a specified fiscal year (*annual appropriations*). Some are for a specified longer period (*multiple-year appropriations*). Others, including most of those for construction, some

⁷See “Limitations on the Availability of Funds,” Part 6.

for research, and many for trust funds are made available for obligation until the amount appropriated has been expended or until the objectives have been attained (*no-year appropriations*).

Budget authority can be made available by the Congress for obligation and disbursement during a fiscal year from a succeeding year's appropriation (*advance funding*). For many education programs, Congress provides *forward funding*—budget authority made available for obligation in one fiscal year for the financing of ongoing grant programs during the succeeding fiscal year. When advantageous to the Federal Government, an appropriation is provided by the Congress for use in a fiscal year, or more, beyond the fiscal year for which the appropriation act is passed (*advance appropriations*). Accounts in which budget authority is made available on these bases are listed in Part IV of the Budget Appendix.

When budget authority is made available by the Congress for a specific period of time, any part that is not obligated during that period expires and cannot be used later. Congressional actions that continue the availability of unobligated amounts that have expired or would otherwise expire are known as *reappropriations*. The amounts involved are counted as new budget authority in the fiscal year of the legislation in which the reappropriation action is included, regardless of when the amounts were originally appropriated or when they would otherwise lapse.

A *rescission* is a legislative action that cancels new budget authority or the availability of unobligated balances, prior to the time the authority would otherwise have expired. Rescissions are offset against new budget authority becoming available in arriving at the total of budget authority for each year. A *deferral* is an executive branch action or inaction—including the establishment of reserves under the Antideficiency Act—that delays the obligation and expenditure of funds within the year that the action is taken. Deferrals are not separately identified in the budget.

Most authority to obligate funds is enacted by the Congress during or immediately preceding the fiscal year in which it becomes available (*current authority*). Most current authority is granted year by year. Some budget authority in Federal funds and most budget authority in trust funds becomes available as the result of previously enacted legislation and does not require current action by the Congress (*permanent authority*). Such authority is presented as "current" in the year in which the legislation is enacted and "permanent" in succeeding years.

The amount of budget authority is usually stated specifically or in an amount stated as "not to exceed" a specific aggregate sum in the legislation that makes it available (*definite authority*). In some cases the legislation permits the amount to be determined by subsequent circumstances (*indefinite authority*). Examples of the latter

type are authority to borrow that is limited only to the amount of debt that may be outstanding at any time, the appropriation for interest on the public debt, and the trust fund appropriation equal to receipts under the Federal Insurance Contributions Act (social security). Indefinite budget authority is recorded in the amount of receipts collected or estimated to be collected each year in the case of many special and trust funds, and in the amount needed to finance obligations incurred or estimated to be incurred in the case of certain appropriations, contract authority, and authority to borrow.

Obligations incurred.—Following the enactment of budget authority and the completion of required apportionment action, obligations are incurred by Government agencies. Such obligations include the current liabilities for salaries, wages, and interest; agreements to make loans; contracts for the purchase of supplies and equipment, construction, and the acquisition of land; and other arrangements requiring the payment of money.

Outlays.—Obligations generally are liquidated by the issuance of checks or the disbursement of cash; such payments are called *outlays*. In lieu of issuing checks, obligations may also be liquidated (and outlays recorded) by the accrual of interest on Treasury debt securities held by the public; or by the issuance of bonds, debentures, notes (or by increases in the redemption value of bonds or debentures outstanding), or monetary credits. Payments for tax credits in excess of tax liabilities are treated as outlays rather than as an adjustment to budget receipts. Outlays during a fiscal year may be for payment of obligations incurred in prior years or in the same year. Outlays, therefore, flow in part from unexpended balances of prior year budget authority and in part from budget authority provided for the year in which the money is spent.^a Total budget outlays are stated net of offsetting collections and exclude outlays of off-budget Federal entities.

Balances of authority.^b—Not all budget authority enacted for a fiscal year is obligated and paid out in the same year. In multiple-year or no-year accounts, budget authority that is still available for obligation (*unobligated balances*) may be carried forward for obligation in the following year. The *obligated* balance is that portion of the budget authority that has been obligated but not yet liquidated (paid). For example, in the case of salaries and wages, 1 to 3 weeks elapse between the time of obligation and the time of payment. In the case of major procurement and construction, payment may

^a See "Relationship of Budget Authority to Outlays", Part 6.

^b These balances may also include collections credited directly to appropriation or fund accounts.

occur over several years. Obligated balances of budget authority are carried forward until the obligations are subsequently paid.¹⁰

Therefore, a change in the amount of budget authority for a given year does not necessarily result in a similar change in either the obligations incurred or the budget outlays of that same year. A change in budget authority in any one year may have an effect on obligations for 2 or more years, and may affect budget outlays for an even longer period.

Allocations between agencies.—In some cases, an agency may share in the administration of a program for which appropriations are made to another agency or to the President. This is made possible by the establishment of allocations from the “parent” account, that is, the account to which the appropriation was made. Obligations incurred under such allocations are included with the parent account in the Budget (without separate identification) and in the Budget Appendix (where the total obligations of each participating agency are identified separately under the parent account).

THE CREDIT BUDGET ¹¹

The credit budget is a presentation of direct loan obligations and guaranteed loan commitments that provides a framework for making planning and policy decisions on the amount of Federal credit to be extended. It also provides a means to analyze, evaluate, and control Federal credit activity. Development of the credit budget is integrated thoroughly with the executive budget process. The credit budget totals and the limitations on credit activity proposed for enactment in appropriations language are transmitted to the Congress as part of the President's budget.

Concepts used in the credit budget.—The credit budget totals are presented in two parts: total direct loan obligations and total guaranteed loan commitments. These totals are based on the following concepts:

- All direct loan and guaranteed loan activities of the Government are included. The credit budget makes no distinction between on-budget and off-budget Federal entities.
- The credit budget totals measure gross levels of credit activity, without offsets for repayments and other recoveries, except that existing loans that are extended on similar maturities are not treated as new loans. By excluding repayments and other recoveries, the credit budget measures the current

¹⁰ Additional information on balances of budget authority is provided in a separate report, “Balances of Budget Authority,” which is available from the National Technical Information Service, Department of Commerce, shortly after the budget is transmitted.

¹¹ The credit budget is shown by function in Part 5 and guaranteed loans are discussed in Part 6 of this volume. Credit schedules and proposed credit limitations in appropriations language are included in the Budget Appendix. Additional information is provided in Special Analysis F, “Federal Credit Programs.”

level of program activity and enables control to be based on a measure over which the Government has discretion—new extensions of credit.

- The credit budget is based on the amount of *obligations* incurred for direct loans and the amount of *commitments* for guaranteed loans. Obligations for direct loans result from agreements requiring the Government to disburse a loan immediately or at some future time. Commitments for guaranteed loans are agreements entered into by the Government to guarantee the repayment of outstanding principal and/or interest. Since guaranteed loan commitments, unlike direct loan obligations, do not require obligational authority and do not require disbursements, the amounts are not included in the President's budget totals. They create Government liabilities of a contingent nature that result in obligations and outlays *only* in the event of a borrower default. Direct loan obligations and guaranteed loan commitments represent points at which control can most directly be exercised.
- The amount of guaranteed loans presented in the budget is calculated on the basis of the full principal amount of the loan involved, even though the guarantee may extend to only a portion of the loan principal. This is done in order to represent the full amount of credit allocated to a particular purpose through a federally assisted lending program.

Limits on Federal credit programs.—Separate limitations on the amount of new direct loan obligations and guaranteed loan commitments are proposed for enactment in the appropriations language for the accounts that support credit activities. These limitations, if enacted, place annual ceilings on credit programs that, in most cases, are otherwise relatively unlimited.

Appropriation bill limitations are proposed for about two-thirds of the credit budget totals. Exemptions are primarily for entitlements and emergency and disaster programs. These programs can be controlled, however, through changes in authorizing legislation.

Since initiation of the credit budget, Congress has voted non-binding targets in the concurrent budget resolutions for total direct loan obligations and total guaranteed loan commitments. Actual control of credit program levels, however, remains with authorizing legislation and appropriations acts.

COLLECTIONS

In general.—Amounts collected by the Government are classified into two major categories:

- *Budget receipts*, which are compared with budget outlays in calculating the budget surplus or deficit.

- *Offsetting collections*, which are deducted from gross disbursements in calculating budget outlays.

Budget receipts.—These are collections from the public that result from the exercise of the Government's sovereign or governmental powers. These collections, also called *governmental receipts*, consist primarily of tax receipts (including social insurance taxes), but also include receipts from customs duties, court fines, certain licenses, and deposits of earnings by the Federal Reserve System. Gifts and contributions (as distinguished from payments for services or cost-sharing deposits by State and local governments) are also counted as budget receipts.

Offsetting collections.—These are collections from other Government accounts or the public that are of a business-type or market-oriented nature. They are classified into two major categories: *offsetting collections credited to appropriation or fund accounts* and *offsetting receipts* (that is, amounts deposited in receipt accounts). The offset is applied differently for each type.

When specifically authorized by law, *offsetting collections* are credited to appropriation or fund accounts. In general they are to be used without further action by the Congress. Collections are netted against obligations and outlays.

Offsetting receipts, generally, are deducted from budget authority and outlays by subfunction and by agency. Offsetting receipts are subdivided into two categories, as follows:

- *Proprietary receipts from the public.*—These are collections from the public deposited in receipt accounts of the general fund, special funds, or trust funds. These collections arise out of the business-type or market-oriented activities of the Government (for example, loan repayments, interest, sale of property and products, charges for nonregulatory services, and rents and royalties). Prior to 1983, accounts for these receipts had been established in a manner that identified receipts by source (interest, rent, sale of property, etc.) and by collecting agency. This resulted in great proliferation of offsetting receipts detail. In many cases the detail was not significant, sometimes indicating collections of less than a thousand dollars per year. In 1983, more than 700 individual accounts were consolidated into three Treasury Department accounts established for this purpose. This simplified approach eliminated large numbers of relatively small offsetting receipts entries in Part 8, "The Federal Program by Agency and Account", and in the netting of outlays by subfunction in Part 5, "The Federal Program by Agency and Account".

Collections from rents and royalties from Outer Continental Shelf (OCS) lands are deducted from total budget authority

and outlays for the Government as a whole rather than from any single agency or subfunction. When there is a legal dispute over the disposition of these collections, the disputed amounts are placed in deposit fund accounts and are not included in the receipts totals. Upon settlement of the dispute, the amounts held are added to other similar OCS receipts and deducted in the same manner.

- *Intragovernmental transactions.*—These are payments into receipt accounts from governmental appropriation or fund accounts. Intragovernmental transactions may be *intrabudgetary* (where the payment and receipt both occur within the budgetary universe) or result from *receipts from off-budget Federal entities* in those cases where the payment is made by a Federal entity whose budget authority and outlays are excluded from the budget totals. Intragovernmental transactions are deducted from both the outlays and the budget authority for the agency receiving the payment, with two exceptions. Intragovernmental transactions that involve agencies' payments (including payments by off-budget Federal entities) as employers into employee retirement trust funds and interest received by trust funds appear as special deduct lines in computing total budget authority and outlays for the Government.

Intrabudgetary transactions are subdivided into three categories: (1) *interfund transactions*, where the payment is from one fund group (either Federal funds or trust funds) to a receipt account in the other fund group; (2) *Federal intrafund transactions*, where the payment and receipt both occur within the Federal fund group; and (3) *trust intrafund transactions*, where the payment and receipt both occur within the trust fund group.

OTHER TRANSACTIONS

Borrowing and repayments.—Borrowing and debt repayments are not treated as receipts or outlays. If they were, the budget could be balanced simply by borrowing. This rule applies both to borrowing in the form of public debt securities and to specialized borrowing in the form of agency securities, including the sale of certificates representing participation in a pool of loans. However, some sales of participation certificates, which otherwise would be treated as borrowing, are required by law to be treated as a sale of assets. This results in the proceeds of such sales being credited to an appropriation or fund account with a corresponding reduction in outlays and in the requirement for new budget authority.

Exercise of the monetary power.—Seigniorage is the profit from coining money. It is the difference between the value of coins as money and their cost of production. Seigniorage on coins arises from the exercise of the Government's monetary powers and differs from receipts coming from the public, since there is no corresponding payment by another party. Therefore, seigniorage is excluded from receipts and treated as a means of financing a deficit or as a supplementary amount to be applied to reduce debt or to increase the cash in the Treasury in a year with a surplus. The increment (profit) resulting from the sale of gold as a monetary asset is treated like seigniorage, since the value of gold is determined by its value as a monetary asset rather than as a commodity.

Liabilities in deposit fund accounts.—Certain accounts outside the budget, known as deposit funds, are established to record amounts held in suspense temporarily (for example, proceeds from mineral leases on the Outer Continental Shelf to which title is in dispute) or held by the Government as agent for others (for example, State and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government). To the extent that transactions are conducted with nongovernment entities, Treasury's cash balances are affected, even though the transactions are not a part of the budget. To the extent that deposit fund balances are not invested, changes in the amounts are treated as a means of financing.

Exchange of cash.—The Government's deposits with the International Monetary Fund (IMF) are considered to be similar to cash assets. Therefore, the movement of money between the IMF and the Department of the Treasury is not considered in itself a receipt or an outlay, borrowing or lending. In a similar manner, the holdings of foreign currency by the Exchange Stabilization Fund are considered to be cash assets. Changes in these holdings are outlays only to the extent there is a realized loss on the exchange and offsetting collections only to the extent there is a realized profit.

BASIS FOR BUDGET FIGURES

In general.—Outlays usually are stated in terms of checks issued, including cash paid in lieu of checks, net of offsetting collections received. Should a financial instrument be developed to use as a substitute for cash or checks, the monetary value of the instrument is normally counted in the budget to prevent the use of cash equivalent instruments that would otherwise avoid recording transactions as receipts or outlays. The accrual basis is used generally for interest on the public debt held by private investors; however, interest on the public debt held by trust and other Government

accounts is stated on a cash basis. When investments in debt securities are purchased at a premium (or sold at a discount), the difference between the purchase (or sales) price and the redemption value is treated as an obligation and an outlay in the year of the transaction in the investing account.

Data for 1983.—The 1983 column of this budget generally presents the actual transactions and balances as recorded in agency accounts and as summarized in the central financial reports prepared by the Department of the Treasury.

Data for 1984.—All of the regular appropriations acts for 1984 have been enacted, directly or indirectly. Funding for activities covered by three appropriations bills (Agriculture, Rural Development, and related agencies; Treasury, Postal Service and General Government; Foreign Assistance and related programs) was provided in a continuing resolution that is effective through September 30, 1984. Supplemental appropriations are proposed in the 1985 budget for various civilian agency pay raises, principally those that were effective in January 1984, and for additional amounts requested to meet unforeseen program requirements.

Where the word “enacted” is used with reference to 1984 as in tables 1 and 9 of Part 9 of this volume, the amount generally represents budget authority already voted by the Congress. For the budget accounts covered by the final 1984 continuing resolution, the amount is based on the full year effect of appropriations made available. In the case of indefinite appropriations, the enacted sums include the amounts likely to be required. Where the word “estimate” is used, the amounts include enacted budget authority and requested supplementals.

Data for 1985.—This budget includes complete estimates for 1985. Part I of the Budget Appendix generally includes the proposed appropriation language for the various items identified in the budget. In some instances, estimates are included in the budget schedules without appropriation language for 1984 and 1985. For these, proposed legislation may be required or the estimated amounts will be requested later when the requirements are known. In certain tables of the budget, the items for later transmittal and the related outlays are separately identified. Estimates of the total requirements for 1985 include both the amounts formally requested and the amounts planned for later transmittal.

Data for 1986 through 1989.—To place emphasis on longer term objectives and plans consistent with the multi-year budget planning system, this budget presents estimates through 1989. These data often reflect specific Presidential policy determinations and are shown in a number of budget tables.

Allowances.—Lump sum allowances are included in the tables to cover expected additional changes, such as civilian pay increases. The allowance for civilian pay increases includes an estimate of the additional amounts that will be required for pay raises anticipated in January 1985 for employees of civilian agencies of the Government. Separate allowances for pay raises are shown for civilian and military personnel of the Department of Defense, Military, and are included in the figures for the Department of Defense.

An allowance for relatively uncontrollable programs is shown separately, as required by the Congressional Budget Act. The estimates for such programs are zero because the probability of net decreases or net increases for such programs is believed to be equal. Another allowance, entitled "Increased employing agency payments for employee retirement," contains an estimate of the cost to on-budget Federal agencies of increasing the employer share of contributions to the civil service retirement trust fund. In previous years the budget did not record the estimated collections (both budget receipts and offsetting collections) by Federal employee retirement trust funds that arise from pay raise allowances. These estimated collections are now included in the budget totals.

Budget authority and outlays included in the allowance section are never appropriated as undistributed allowances, but rather indicate the estimated budget authority and outlays that may be requested.

PART 8

THE FEDERAL PROGRAM
BY AGENCY AND ACCOUNT

8-1

Pages 8-2, 8-23, 8-24, 8-29, 8-30, 8-54 through 8-73, 8-78 through 8-80 and 8-151 through 8-154 have been extracted and reprinted in that order within.

The entire tabulation may be referred on pages 8-1 through 8-197 of "The Budget of the United States Government" (small book).

EXPLANATORY NOTE

This tabulation contains information on budget authority (BA) and outlays (O) for each appropriation and fund account. The budget authority in this tabulation takes account of certain transfers between appropriations. All budget authority items are definite appropriations except where otherwise indicated. Also, budget authority and outlay data for off-budget Federal entities are presented at the end of this table. Within the Federal Financing Bank (FFB) presentation, there is a distribution of its budget authority and outlays to the accounts in the various agencies that are provided credit services by the FFB.

Functional code numbers are shown for each account as a cross reference to table 14, where the figures are summarized by functional classification. Types of funds in the budget and the deduct entries at the end of each chapter of this tabulation are explained in Part 7.

Congressional action in the appropriation process occasionally takes the form of a limitation on the use of a trust fund or other fund, or of an appropriation to liquidate contract authority. Amounts for such items, which do not affect budget authority, are included here in parentheses and identified in the stub column, but are not included in the totals.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Security Assistance				
<i>Federal funds</i>				
General and Special Funds:				
Foreign military sales credit	152			
Appropriation, current.....	BA	1,175,000	1,315,000	5,115,000
Outlays.....	O	609,029	1,616,300	2,976,250
Total Foreign military sales credit.....	BA	1,175,000	1,315,000	5,115,000
	O	609,029	1,616,300	2,976,250
Economic support fund	152			
Appropriation, current.....	BA	2,967,250	2,893,250	3,067,500
Reappropriation.....	BA	122,124	64,363	
Outlays.....	O	2,676,419	2,900,000	3,050,000
Total Economic support fund.....	BA	3,089,374	2,957,613	3,067,500
	O	2,676,419	2,900,000	3,050,000
Military assistance	152			
Appropriation, current.....	BA	383,325	510,000	800,000
Outlays.....	O	401,538	534,472	718,228
Total Military assistance.....	BA	383,325	510,000	800,000
	O	401,538	534,472	718,228
Assistance to Central America	152			
Appropriation, current.....	BA		500,000	750,000
Outlays.....	O		300,000	800,000
International military education and training	152			
Appropriation, current.....	BA	46,000	51,532	60,910
Outlays.....	O	41,720	54,305	58,800
Total International military education and training.....	BA	46,000	51,532	60,910
	O	41,720	54,305	58,800
Peacekeeping operations	152			
Appropriation, current.....	BA	31,100	56,200	49,000
Reappropriation.....	BA	1,040		
Outlays.....	O	44,717	56,000	49,000
Total Peacekeeping operations.....	BA	32,140	56,200	49,000
	O	44,717	56,000	49,000
Assistance for relocation of facilities in Israel	152			
Outlays.....	O	— 116	267	
Public Enterprise Funds:				
Guarantee reserve fund	152			
Appropriation, current, indefinite.....	BA			274,000
Outlays.....	O	118,708	179,000	235,000

See footnotes at end of table.

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BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
International Security Assistance—Con.				
<i>Summary</i>				
Federal funds:				
(As shown in detail above).....	BA	4,725,839	5,390,345	10,116,410
	0	3,892,015	5,640,344	7,887,278
Deductions for offsetting receipts:				
Proprietary receipts from the public	152 BA	— 136,732	— 126,000	— 117,000
	0			
	908 BA	— 78,471	— 68,000	— 148,000
	0			
Total International Security Assistance.....	BA	4,510,636	5,196,345	9,851,410
	0	3,676,812	5,446,344	7,622,278

THE FEDERAL PROGRAM BY AGENCY AND ACCOUNT 8-29**BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued**

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
Military Sales Programs				
<i>Federal funds</i>				
Public Enterprise Funds:				
Liquidation of foreign military sales fund	155			
Outlays.....	0	— 1,474		
Special defense acquisition fund	155			
Outlays.....	0	— 439,310	— 77,571	103,838

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Funds Appropriated to the President—Con.				
Military Sales Programs—Con.				
<i>Trust funds</i>				
Foreign military sales trust fund	155			
Contract authority, permanent, indefinite	BA	8,630,341	12,600,000	13,000,000
Liquidation of contract authority, permanent		(13,180,102)	(13,300,000)	(12,900,000)
Outlays	O	12,404,522	12,500,000	12,900,000
Summary				
Federal funds:				
(As shown in detail above)	O	— 440,784	— 77,571	103,838
Trust funds:				
(As shown in detail above)	BA	8,630,341	12,600,000	13,000,000
	O	12,404,522	12,500,000	12,900,000
Deductions for offsetting receipts:				
Proprietary receipts from the public	155 BA			
	O	— 13,180,102	— 13,300,000	— 12,900,000
Total Trust funds	BA	— 4,549,761	— 700,000	100,000
	O	— 775,580	— 800,000	.....
Total Military Sales Programs	BA	— 4,549,761	— 700,000	100,000
	O	— 1,216,364	— 877,571	103,838

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military				
Military Personnel				
<i>Federal funds</i>				
General and Special Funds:				
Military personnel, Army	051			
Appropriation, current.....	BA	14,620,848	15,048,533 ^ 3,400 E 373,200	21,172,900
Outlays	O	14,618,089	15,201,670 ^ 3,330	21,097,850 ^ 50
Total Military personnel, Army	BA	14,620,848	15,425,133	21,172,900
	O	14,618,089	15,205,000	21,097,900
Military personnel, Navy	051			
Appropriation, current.....	BA	10,846,708	11,171,278 E 279,630	15,897,500
Outlays	O	10,877,649	11,340,600	15,842,900
Total Military personnel, Navy.....	BA	10,846,708	11,450,908	15,897,500
	O	10,877,649	11,340,600	15,842,900
Military personnel, Marine Corps	051			
Appropriation, current.....	BA	3,347,977	3,433,859 ^ 5,500 E 85,710	4,845,900
Outlays	O	3,339,203	3,446,600 ^ 5,300	4,773,490 ^ 110
Total Military personnel, Marine Corps.....	BA	3,347,977	3,525,069	4,845,900
	O	3,339,203	3,451,900	4,773,600
Military personnel, Air Force	051			
Appropriation, current.....	BA	12,217,050	12,577,203 E 328,060	17,799,900
Outlays	O	12,180,119	12,892,600	17,787,400
Total Military personnel, Air Force.....	BA	12,217,050	12,905,263	17,799,900
	O	12,180,119	12,892,600	17,787,400

See footnotes at end of table.

BUDGET ACCOUNTS LISTING *hundreds of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Military Personnel—Con.				
Reserve personnel, Army	051			
Appropriation, current.....	BA	1,228,250	1,361,150 £ 34,280	2,184,300
Outlays.....	O	1,194,632	1,367,400	2,111,000
Total Reserve personnel, Army.....	BA	1,228,250	1,395,430	2,184,300
	O	1,194,632	1,367,400	2,111,000
Reserve personnel, Navy	051			
Appropriation, current.....	BA	678,425	749,248 £ 17,700	1,131,600
Outlays.....	O	648,477	735,200	1,074,900
Total Reserve personnel, Navy.....	BA	678,425	766,948	1,131,600
	O	648,477	735,200	1,074,900
Reserve personnel, Marine Corps	051			
Appropriation, current.....	BA	170,900	176,200 £ 3,400	269,500
Outlays.....	O	166,424	171,900	256,300
Total Reserve personnel, Marine Corps.....	BA	170,900	179,600	269,500
	O	166,424	171,900	256,300
Reserve personnel, Air Force	051			
Appropriation, current.....	BA	362,125	380,000 £ 8,750	565,800
Outlays.....	O	344,304	388,000	554,100
Total Reserve personnel, Air Force.....	BA	362,125	388,750	565,800
	O	344,304	388,000	554,100
National Guard personnel, Army	051			
Appropriation, current.....	BA	1,677,000	1,882,980 £ 49,860	3,075,000
Outlays.....	O	1,625,861	1,891,300	2,953,100
Total National Guard personnel, Army.....	BA	1,677,000	1,932,840	3,075,000
	O	1,625,861	1,891,300	2,953,100
National Guard personnel, Air Force	051			
Appropriation, current.....	BA	538,425	589,100 £ 15,040	889,200
Outlays.....	O	528,697	595,600	872,900
Total National Guard personnel, Air Force.....	BA	538,425	604,140	889,200
	O	528,697	595,600	872,900
Total Federal funds Military Personnel.....	BA	45,687,708	48,574,081	67,831,600
	O	45,523,455	48,039,500	67,324,100

See footnotes at end of table.

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BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Retired Military Personnel				
<i>Federal funds</i>				
General and Special Funds:				
Retired pay, Defense	051			
Appropriation, current.....	BA	16,154,800	16,551,600 ^ 243,000 J - 243,000	.....
Outlays.....	O	15,944,644	16,505,100 ^ 243,000 J - 243,000	20,400
Total Retired pay, Defense.....	BA	16,154,800	16,551,600	.....
	O	15,944,644	16,505,100	20,400
Operation and Maintenance				
<i>Federal funds</i>				
General and Special Funds:				
Operation and maintenance, Army	051			
Appropriation, current.....	BA	15,841,484	17,087,466 ^ 90,500 C 20,000 D 129,530	..... K 19,486,518
Outlays.....	O	15,499,417	16,353,810 ^ 70,590	18,601,560 ^ 15,340
Total Operation and maintenance, Army.....	BA	15,841,484	17,327,496	19,486,518
	O	15,499,417	16,424,400	18,616,900
Operation and maintenance, Navy	051			
Appropriation, current.....	BA	21,070,587	21,955,818 ^ 116,800 C 85,610 D 100,500	..... K 26,248,426
Liquidation of contract authority, current.....		(10,619)		
Outlays.....	O	20,701,314	21,598,620 ^ 84,680	24,080,400 ^ 25,700
Total Operation and maintenance, Navy.....	BA	21,070,587	22,258,728	26,248,426
	O	20,701,314	21,683,300	24,106,100
Operation and maintenance, Marine Corps	051			
Appropriation, current.....	BA	1,463,471	1,524,600 ^ 14,500 C 3,915 D 4,405	..... K 1,683,069
Outlays.....	O	1,329,462	1,482,840 ^ 9,960	1,594,890 ^ 3,610
Total Operation and maintenance, Marine Corps..	BA	1,463,471	1,547,420	1,683,069
	O	1,329,462	1,492,800	1,598,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Operation and Maintenance—Con.				
Operation and maintenance, Air Force	051			
Appropriation, current.....	BA	17,057,126	17,574,595	..... * 20,234,500
			^ 44,500	
			c 27,000	
			" 68,000	
Outlays.....	O	16,594,844	17,183,850	19,604,050
			^ 36,050	^ 7,050
Total Operation and maintenance, Air Force	BA	17,057,126	17,714,095	20,234,500
	O	16,594,844	17,219,900	19,611,100
Operation and maintenance, Defense agencies	051			
Appropriation, current.....	BA	5,787,210	6,449,652	..... * 7,338,370
			^ 20,400	
			c 7,731	
			" 84,899	
Outlays.....	O	5,725,385	6,356,550	7,143,760
			^ 17,750	^ 2,240
Total Operation and maintenance, Defense agen- cies.....	BA	5,787,210	6,562,682	7,338,370
	O	5,725,385	6,374,300	7,146,000
Operation and maintenance, Army Reserve	051			
Appropriation, current.....	BA	705,584	683,850	..... * 715,450
			^ 1,300	
			c 1,000	
			" 5,740	
Outlays.....	O	655,039	661,330	700,740
			^ 1,070	^ 160
Total Operation and maintenance, Army Reserve.	BA	705,584	691,890	715,450
	O	655,039	662,400	700,900
Operation and maintenance, Navy Reserve	051			
Appropriation, current.....	BA	629,407	634,500	..... * 829,531
			^ 500	
			c 865	
			" 625	
Outlays.....	O	585,767	602,950	757,090
			^ 350	^ 110
Total Operation and maintenance, Navy Reserve..	BA	629,407	636,490	829,531
	O	585,767	603,300	757,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Operation and Maintenance—Con.				
Operation and maintenance, Marine Corps Reserve				
	051			
Appropriation, current.....	BA	51,094	52,129	κ 58,642
			^ 220	
Outlays.....	O	42,276	48,800	53,000
Total Operation and maintenance, Marine Corps Reserve.....	BA	51,094	52,349	58,642
	O	42,276	48,800	53,000
Operation and maintenance, Air Force Reserve				
	051			
Appropriation, current.....	BA	765,735	781,600	κ 883,461
			^ 2,600	
			^ 2,800	
			^ 3,700	
Outlays.....	O	744,254	775,120	868,700
			^ 2,380	^ 200
Total Operation and maintenance, Air Force Reserve.....	BA	765,735	790,700	883,461
	O	744,254	777,500	868,900
Operation and maintenance, Army National Guard				
	051			
Appropriation, current.....	BA	1,195,067	1,170,190	κ 1,404,643
			^ 4,300	
			^ 2,000	
			^ 10,950	
Outlays.....	O	1,136,581	1,165,500	1,345,580
			^ 3,500	^ 720
Total Operation and maintenance, Army National Guard.....	BA	1,195,067	1,187,440	1,404,643
	O	1,136,581	1,169,000	1,346,300
Operation and maintenance, Air National Guard				
	051			
Appropriation, current.....	BA	1,822,603	1,789,300	κ 1,862,148
			^ 2,600	
			^ 8,400	
			^ 6,300	
Outlays.....	O	1,767,298	1,773,680	1,834,870
			^ 2,320	^ 230
Total Operation and maintenance, Air National Guard.....	BA	1,822,603	1,806,600	1,862,148
	O	1,767,298	1,776,000	1,835,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Operation and Maintenance—Con.				
National Board for the Promotion of Rifle Practice, Army 051				
Appropriation, current.....	BA	887	899	κ 914
			^D 10	
Outlays.....	O	966	900	900
Total National Board for the Promotion of Rifle Practice, Army.....	BA	887	909	914
	O	966	900	900
Claims, Defense 051				
Appropriation, current.....	BA	144,400	160,400	κ 177,900
Outlays.....	O	130,089	152,900	168,500
Total Claims, Defense.....	BA	144,400	160,400	177,900
	O	130,089	152,900	168,500
Court of Military Appeals, Defense 051				
Appropriation, current.....	BA	3,258	3,372	κ 3,470
Outlays.....	O	2,258	3,300	3,500
Total Court of Military Appeals, Defense.....	BA	3,258	3,372	3,470
	O	2,258	3,300	3,500
Foreign currency fluctuations, Defense 051				
Appropriation, current.....	BA	2,400		
Summer olympics 051				
Appropriation, current.....	BA		50,000	
Outlays.....	O		31,000	16,600
Environmental restoration, Defense 051				
Appropriation, current.....	BA		150,000	
Outlays.....	O		119,000	25,000
XIII olympic winter games 051				
Outlays.....	O	14		
Total Federal funds Operation and Maintenance...	BA	66,540,313	70,940,571	80,927,042
	O	64,914,964	68,538,800	76,854,500
Procurement				
<i>Federal funds</i>				
General and Special Funds:				
Aircraft procurement, Army 051				
Appropriation, current.....	BA	2,482,872	3,273,248	κ 4,008,300
Outlays.....	O	1,724,032	1,982,500	2,809,100
Total Aircraft procurement, Army.....	BA	2,482,872	3,273,248	4,008,300
	O	1,724,032	1,982,500	2,809,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military--Con.				
Procurement—Con.				
Missile procurement, Army	051			
Appropriation, current.....	BA	2,735,800	2,791,500	* 3,442,400
Reappropriation.....	BA		32,600	
Outlays.....	O	1,599,678	1,985,100	2,558,800
Total Missile procurement, Army.....	BA	2,735,800	2,824,100	3,442,400
	O	1,599,678	1,985,100	2,558,800
Procurement of weapons and tracked combat vehicles, Army	051			
Appropriation, current.....	BA	4,497,346	4,514,033	* 5,092,700
Reappropriation.....	BA	198,200	149,000	
Outlays.....	O	3,420,401	3,707,400	4,350,900
Total Procurement of weapons and tracked combat vehicles, Army.....	BA	4,695,546	4,663,033	5,092,700
	O	3,420,401	3,707,400	4,350,900
Procurement of ammunition, Army	051			
Appropriation, current.....	BA	2,115,394	1,939,900	* 2,494,000
Outlays.....	O	1,966,106	1,936,300	2,028,300
Total Procurement of ammunition, Army.....	BA	2,115,394	1,939,900	2,494,000
	O	1,966,106	1,936,300	2,028,300
Other procurement, Army	051			
Appropriation, current.....	BA	4,005,464	4,649,928	* 6,022,400
Outlays.....	O	2,728,531	3,338,000	4,036,300
Total Other procurement, Army.....	BA	4,005,464	4,649,928	6,022,400
	O	2,728,531	3,338,000	4,036,300
Aircraft procurement, Navy	051			
Appropriation, current.....	BA	10,183,452	10,164,608	* 11,474,200
Outlays.....	O	7,489,924	9,139,300	9,735,000
Total Aircraft procurement, Navy.....	BA	10,183,452	10,164,608	11,474,200
	O	7,489,924	9,139,300	9,735,000
Weapons procurement, Navy	051			
Appropriation, current.....	BA	3,446,000	3,691,779	* 4,650,860
Reappropriation.....	BA		77,800	
Outlays.....	O	2,811,977	3,188,000	3,531,200
Total Weapons procurement, Navy.....	BA	3,446,000	3,769,579	4,650,860
	O	2,811,977	3,188,000	3,531,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Procurement—Con.				
Shipbuilding and conversion, Navy	051			
Appropriation, current.....	BA	15,924,100	11,209,400	13,141,900 [*]
Reappropriation.....	BA	211,200	227,600	
Outlays.....	O	7,503,719	8,794,200	9,731,800
Total Shipbuilding and conversion, Navy.....	BA	16,135,300	11,437,000	13,141,900
	O	7,503,719	8,794,200	9,731,800
Other procurement, Navy	051			
Appropriation, current.....	BA	3,664,675	4,314,543	5,953,900 [*]
Outlays.....	O	3,205,792	3,388,600	4,062,400
Total Other procurement, Navy.....	BA	3,664,675	4,314,543	5,953,900
	O	3,205,792	3,388,600	4,062,400
Procurement, Marine Corps	051			
Appropriation, current.....	BA	1,960,383	1,741,306	1,978,581 [*]
Outlays.....	O	783,972	1,350,100	1,663,600
Total Procurement, Marine Corps.....	BA	1,960,383	1,741,306	1,978,581
	O	783,972	1,350,100	1,663,600
Aircraft procurement, Air Force	051			
Appropriation, current.....	BA	17,438,100	21,064,610	28,676,500 [*]
Reappropriation.....	BA	170,000	323,100	
Outlays.....	O	11,798,713	13,838,900	17,960,300
Total Aircraft procurement, Air Force.....	BA	17,608,100	21,387,710	28,676,500
	O	11,798,713	13,838,900	17,960,300
Missile procurement, Air Force	051			
Appropriation, current.....	BA	4,846,600	7,756,838	9,820,600 [*]
Reappropriation.....	BA	15,000	55,000	
Outlays.....	O	3,382,920	5,012,600	6,576,300
Total Missile procurement, Air Force.....	BA	4,861,600	7,811,838	9,820,600
	O	3,382,920	5,012,600	6,576,300
Other procurement, Air Force	051			
Appropriation, current.....	BA	5,506,987	6,895,937	9,561,500 [*]
Reappropriation.....	BA	4,963		
Outlays.....	O	4,704,505	6,048,400	7,482,200
Total Other procurement, Air Force.....	BA	5,511,950	6,895,937	9,561,500
	O	4,704,505	6,048,400	7,482,200
Procurement, Defense agencies	051			
Appropriation, current.....	BA	823,545	947,157	1,243,500
Outlays.....	O	492,554	696,000	886,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Procurement—Con.				
National guard and reserve equipment	051			
Appropriation, current.....	BA	125,000	176,000	.....
Outlays.....	O	2,978	39,300	159,300
Defense production act purchases	051			
Appropriation, current.....	BA			κ 25,000
Procurement of aircraft and missiles, Navy	051			
Outlays.....	O	5,861	5,000	4,000
Procurement of equipment and missiles, Army	051			
Outlays.....	O	2,011	300	.....
Total Federal funds Procurement	BA	80,355,081	85,995,887	107,586,341
	O	53,623,674	64,450,000	77,575,700
Research, Development, Test, and Evaluation				
<i>Federal funds</i>				
General and Special Funds:				
Research, development, test, and evaluation, Army	051			
Appropriation, current.....	BA	3,875,283	4,259,375	.....
				κ 4,987,100
Outlays.....	O	3,658,014	4,030,500	4,579,000
Total Research, development, test, and evaluation, Army	BA	3,875,283	4,259,375	4,987,100
	O	3,658,014	4,030,500	4,579,000
Research, development, test, and evaluation, Navy	051			
Appropriation, current.....	BA	6,063,331	7,571,718	.....
				κ 9,826,076
Reappropriation.....	BA	30,300	.....	.....
Outlays.....	O	5,853,891	6,815,300	8,620,000
Total Research, development, test, and evaluation, Navy	BA	6,093,631	7,571,718	9,826,076
	O	5,853,891	6,815,300	8,620,000
Research, development, test, and evaluation, Air Force	051			
Appropriation, current.....	BA	10,591,211	12,220,706	.....
				κ 14,401,955
Reappropriation.....	BA	29,970	.....	.....
Outlays.....	O	9,181,700	11,843,300	13,578,100
Total Research, development, test, and evaluation, Air Force.....	BA	10,621,181	12,220,706	14,401,955
	O	9,181,700	11,843,300	13,578,100

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Research, Development, Test, and Evaluation—Con.				
Research, development, test, and evaluation, Defense agencies 051				
Appropriation, current.....	BA	2,153,189	2,767,420	* 4,707,906
Outlays.....	O	1,817,341	2,412,100	3,626,500
Total Research, development, test, and evaluation, Defense agencies.....	BA	2,153,189	2,767,420	4,707,906
	O	1,817,341	2,412,100	3,626,500
Director of test and evaluation, Defense 051				
Appropriation, current.....	BA	55,000	49,000	* 62,000
Outlays.....	O	43,321	55,800	53,900
Total Director of test and evaluation, Defense.....	BA	55,000	49,000	62,000
	O	43,321	55,800	53,900
Total Federal funds Research, Development, Test, and Evaluation.....	BA	22,798,284	26,868,219	33,985,037
	O	20,554,267	25,157,000	30,457,500
Military Construction				
<i>Federal funds</i>				
General and Special Funds:				
Military construction, Army 051				
Appropriation, current.....	BA	929,720	1,184,140	* 1,900,000
Outlays.....	O	851,229	868,100	1,130,800
Total Military construction, Army.....	BA	929,720	1,184,140	1,900,000
	O	851,229	868,100	1,130,800
Military construction, Navy 051				
Appropriation, current.....	BA	1,080,750	1,206,517	164,100
			* 30,000	* 1,639,200
Outlays.....	O	961,472	1,049,960	1,262,290
			* 5,040	* 13,110
Total Military construction, Navy.....	BA	1,080,750	1,236,517	1,803,300
	O	961,472	1,055,000	1,275,400
Santa Margarita water project, Navy 051				
Appropriation, current.....	BA			* 142,000
Outlays.....	O			* 1,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Military Construction—Con.				
Military construction, Air Force	051			
Appropriation, current.....	BA	1,551,414	1,410,993	κ 2,165,400
			κ 55,000	
Outlays.....	O	1,086,566	1,304,230	1,614,570
			κ 7,170	κ 24,730
Total Military construction, Air Force.....	BA	1,551,414	1,465,993	2,165,400
	O	1,086,566	1,311,400	1,639,300
Military construction, Defense agencies	051			
Appropriation, current.....	BA	339,770	281,802	κ 459,500
				κ 292,000
Outlays.....	O	179,337	324,000	292,000
Total Military construction, Defense agencies.....	BA	339,770	281,802	459,500
	O	179,337	324,000	292,000
North Atlantic Treaty Organization infrastructure	051			
Appropriation, current.....	BA	325,000	50,000	κ 296,700
				κ 260,000
Outlays.....	O	202,603	240,000	260,000
Total North Atlantic Treaty Organization infrastructure.....	BA	325,000	50,000	296,700
	O	202,603	240,000	260,000
Military construction, Army National Guard	051			
Appropriation, current.....	BA	54,958	67,620	κ 88,900
				κ 64,000
Outlays.....	O	44,586	45,000	64,000
Total Military construction, Army National Guard.....	BA	54,958	67,620	88,900
	O	44,586	45,000	64,000
Military construction, Air National Guard	051			
Appropriation, current.....	BA	127,900	108,888	κ 102,900
				κ 112,600
Outlays.....	O	77,786	114,800	112,600
Total Military construction, Air National Guard....	BA	127,900	108,888	102,900
	O	77,786	114,800	112,600
Military construction, Army Reserve	051			
Appropriation, current.....	BA	41,800	54,700	κ 70,400
				κ 56,000
Outlays.....	O	58,422	45,600	56,000
Total Military construction, Army Reserve.....	BA	41,800	54,700	70,400
	O	58,422	45,600	56,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Military Construction—Con.				
Military construction, Naval Reserve	051			
Appropriation, current.....	BA	25,200	30,605	..... K 60,800
Outlays.....	O	30,545	29,200	33,800
Total Military construction, Naval Reserve.....	BA	25,200	30,605	60,800
	O	30,545	29,200	33,800
Military construction, Air Force Reserve	051			
Appropriation, current.....	BA	35,600	41,200	..... K 67,800
Outlays.....	O	31,620	38,700	43,100
Total Military construction, Air Force Reserve.....	BA	35,600	41,200	67,800
	O	31,620	38,700	43,100
Total Federal funds Military Construction.....	BA	4,512,112	4,521,465	7,157,700
	O	3,524,166	4,071,800	4,908,200
Family Housing				
<i>Federal funds</i>				
General and Special Funds:				
Family housing, Army	051			
Appropriation, current.....	BA	1,040,341	1,235,003	..... C 1,341 K 1,405,400
				D 1,899
Outlays.....	O	873,774	1,067,900	1,327,300
Total Family housing, Army.....	BA	1,040,341	1,238,243	1,405,400
	O	873,774	1,067,900	1,327,300
Family housing, Navy	051			
Appropriation, current.....	BA	740,947	610,493	..... C 1,178 K 704,600
				D 592
Outlays.....	O	559,713	641,500	655,100
Total Family housing, Navy.....	BA	740,947	612,263	704,600
	O	559,713	641,500	655,100
Family housing, Air Force	051			
Appropriation, current.....	BA	913,607	804,435	..... C 460 K 1,030,700
				D 520
Outlays.....	O	679,451	850,900	862,900
Total Family housing, Air Force.....	BA	913,607	805,415	1,030,700
	O	679,451	850,900	862,900

See footnotes at end of table

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Family Housing—Con.				
Family housing, Defense agencies	051			
Appropriation, current.....	BA	14,313	17,841	19,800
Outlays.....	0	12,937	15,600	18,400
Total Family housing, Defense agencies.....	BA	14,313	17,841	19,800
	0	12,937	15,600	18,400
Family housing, Defense	051			
Outlays.....	0	-56		
Public Enterprise Funds:				
Homeowners assistance fund, Defense	051			
Appropriation, current.....	BA	2,000		
Authority to borrow, permanent	BA	344	600	600
Outlays.....	0	256	1,900	1,700
Total Homeowners assistance fund, Defense.....	BA	2,344	600	600
	0	256	1,900	1,700
Total Federal funds Family Housing	BA	2,711,552	2,674,362	3,161,100
	0	2,126,075	2,577,800	2,865,400
Special Foreign Currency Program				
<i>Federal funds</i>				
General and Special Funds:				
Special foreign currency program	051			
Appropriation, current.....	BA	3,800	3,050	8,650
Outlays.....	0	1,578	500	1,500
Total Special foreign currency program.....	BA	3,800	3,050	8,650
	0	1,578	500	1,500
Revolving and Management Funds				
<i>Federal funds</i>				
Public Enterprise Funds:				
Defense production guarantees	051			
Outlays.....	0	-3	-2	-1
Laundry service, Naval Academy	051			
Outlays.....	0	227		
Intragovernmental Funds:				
Army stock fund	051			
Appropriation, current.....	BA	221,138	388,600	366,448
Contract authority, permanent, indefinite	BA	165,265		
Outlays.....	0	207,664	267,100	290,000
Total Army stock fund.....	BA	386,403	388,600	366,448
	0	207,664	267,100	290,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Military—Con.				
Revolving and Management Funds—Con.				
Navy stock fund	051			
Appropriation, current.....	BA	354,372	632,869	563,907
Contract authority, permanent, indefinite	BA	344		
Outlays	O	597,261	510,800	452,600
Total Navy stock fund.....	BA	354,716	632,869	563,907
	O	597,261	510,800	452,600
Marine Corps stock fund	051			
Appropriation, current.....	BA	11,812	20,780	34,908
Outlays	O	— 2,146	34,200	18,000
Air Force stock fund	051			
Appropriation, current.....	BA	161,600	1,288,725	666,093
Outlays	O	194,465	827,700	835,800
Defense stock fund	051			
Appropriation, current.....	BA	160,500	43,600	130,700
Outlays	O	— 1,250,068	530,300	251,100
Army industrial fund	051			
Outlays	O	— 111,939	102,000	56,000
Navy industrial fund	051			
Outlays	O	— 35,173	— 165,200	120,200
Marine Corps industrial fund	051			
Outlays	O	2,843	5,000	— 600
Air Force industrial fund	051			
Outlays	O	— 306,256	134,502	— 105,799
Defense industrial fund	051			
Appropriation, current.....	BA		150,000	
Outlays	O	— 1,226	6,000	6,000
Army management fund	051			
Outlays	O	— 5,783		
Navy management fund	051			
Outlays	O	16,119		
Air Force management fund	051			
Outlays	O	105		
Army conventional ammunition working capital fund	051			
Outlays	O	— 110,889	— 85,800	— 63,900
Total Federal funds Revolving and Management Funds.....	BA	1,075,031	2,524,574	1,762,056
	O	— 804,799	2,166,600	1,859,400
Allowances				
<i>Federal funds</i>				
General and Special Funds:				
Civilian pay raises	051			
Appropriation, current.....	BA			' 620,118
Outlays	O			' 609,600
Military pay raises and benefits	051			
Appropriation, current.....	BA			' 2,466,636
Outlays	O			' 2,421,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Military—Con.				
Allowances—Con.				
Other legislation	051			
Appropriation, current	BA			' 167,620
Outlays	0			' 167,600
Total Federal funds Allowances	BA			3,254,374
	0			3,198,400
Trust Funds				
<i>Trust funds</i>				
Department of the Army trust funds	051			
Appropriation, permanent, indefinite	BA	107	105	120
Outlays	0	214	95	110
Department of the Navy trust funds	051			
Appropriation, permanent, indefinite	BA	23,985	23,335	24,420
Outlays	0	22,632	23,265	24,240
Department of the Air Force general gift fund	051			
Appropriation, permanent, indefinite	BA	60	60	60
Outlays	0	18	40	50
Surcharge collections, sales of commissary stores, Army	051			
Outlays	0	— 13,573	— 11,300	— 11,500
Department of the Navy trust revolving funds	051			
Outlays	0	— 887	6,200	13,300
Department of the Air Force trust revolving funds	051			
Outlays	0	— 15,386	1,000	7,200
Total Trust funds Trust Funds	BA	24,152	23,500	24,600
	0	— 6,982	19,300	33,400
Summary				
Federal funds:				
(As shown in detail above)	BA	239,838,681	258,653,809	305,673,900
	0	205,408,024	231,507,100	265,065,100
Deductions for offsetting receipts:				
Intrafund transactions	051 BA	9		
	0			
Proprietary receipts from the public	051 BA	— 366,036	— 504,000	— 675,000
	0			
Total Federal funds	BA	239,472,654	258,149,809	304,998,900
	0	205,041,997	231,003,100	264,390,100
Trust funds:				
(As shown in detail above)	BA	24,152	23,500	24,600
	0	— 6,982	19,300	33,400
Interfund transactions	051 BA	— 23,044	— 22,400	— 23,500
	0			
Total Department of Defense--Military	BA	239,473,762	258,150,909	305,000,000
	0	205,011,971	231,000,000	264,400,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Civil				
Cemeterial Expenses, Army				
<i>Federal funds</i>				
General and Special Funds:				
Salaries and expenses	705			
Appropriation, current.....	BA	6,682	8,203 c 71 n 28	7,759
Outlays.....	O	6,032	8,135	7,540
Total Salaries and expenses.....	BA	6,682	8,302	7,759
	O	6,032	8,135	7,540
Corps of Engineers--Civil				
<i>Federal funds</i>				
General and Special Funds:				
General investigations	301			
Appropriation, current.....	BA	139,042	133,810 c 2,000	118,000
Outlays.....	O	138,029	133,000	118,000
Total General investigations.....	BA	139,042	135,810	118,000
	O	138,029	133,000	118,000
Construction, general	301			
Appropriation, current.....	BA	1,508,405	894,104 c 4,800	874,000
Outlays.....	O	1,258,237	1,150,000	922,000
Total Construction, general.....	BA	1,508,405	889,304	874,000
	O	1,258,237	1,150,000	922,000
Operation and maintenance, general:				
(Water resources)	301			
(Appropriation, current).....	BA	1,201,367	1,184,492	1,282,000
(Outlays).....	O	1,098,003	1,264,149	1,305,000
(Recreational resources)	303			
(Appropriation, current).....	BA	4,942	6,000	15,000
(Outlays).....	O	4,837	6,851	15,000
Total Operation and maintenance, general.....	BA	1,206,309	1,190,492	1,297,000
	O	1,102,840	1,271,000	1,320,000
Flood control and coastal emergencies	301			
Appropriation, current.....	BA	54,877	10,000	10,000
Outlays.....	O	45,685	25,000	10,000
General expenses	301			
Appropriation, current.....	BA	100,100	103,000 c 2,800	113,000
Outlays.....	O	103,723	106,000	113,000
Total General expenses.....	BA	100,100	105,800	113,000
	O	103,723	106,000	113,000
Flood control, Mississippi River and tributaries	301			
Appropriation, current.....	BA	403,052	300,480	304,000
Outlays.....	O	284,201	350,000	360,000

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Civil--Con.				
Corps of Engineers--Civil--Con.				
Permanent appropriations:				
(Water resources) 301				
(Appropriation, permanent, indefinite).....	BA	3,635	2,000	2,100
(Outlays)	O	5,896	3,094	2,300
(Other general purpose fiscal assistance) 852				
(Appropriation, permanent, indefinite).....	BA	5,889	5,700	5,900
(Outlays)	O	6,326	5,906	5,700
Total Permanent appropriations.....	BA	9,524	7,700	8,000
	O	12,222	9,000	8,000
Intragovernmental Funds:				
Revolving fund 301				
Appropriation, current.....	BA		9,500	
Outlays	O	-13,972	8,000	2,000
Trust funds				
Rivers and harbors contributed funds 301				
Appropriation, permanent, indefinite.....	BA	43,700	51,000	52,000
Outlays	O	45,387	51,000	52,000
Summary				
Federal funds:				
(As shown in detail above).....	BA	3,421,309	2,649,086	2,724,000
	O	2,930,965	3,052,000	2,853,000
Deductions for offsetting receipts:				
Proprietary receipts from the public 301				
	BA	-5,989	-5,800	-6,000
	O			
	BA			-200,000
	O			
	BA	-8,842	-10,000	-11,000
	O			
	BA		-16,000	-16,000
	O			
Total Federal funds	BA	3,406,478	2,617,286	2,491,000
	O	2,916,134	3,020,200	2,620,000
Trust funds:				
(As shown in detail above).....	BA	43,700	51,000	52,000
	O	45,387	51,000	52,000
Deductions for offsetting receipts:				
Proprietary receipts from the public 301				
	BA	-43,700	-51,000	-52,000
	O			
Total Trust funds	O	1,687		
Total Corps of Engineers--Civil.....	BA	3,406,478	2,617,286	2,491,000
	O	2,917,821	3,020,200	2,620,000

See footnotes at end of table

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense--Civil--Con.				
Military Retirement				
<i>Federal funds</i>				
General and Special Funds:				
Payment to military retirement fund	054			
Appropriation, current, indefinite	BA			^J 48,600
Appropriation, permanent, indefinite	BA			8,900,000
Outlays	O			8,900,000
				^J 48,600
Total Payment to military retirement fund	BA			8,948,600
	O			8,948,600
<i>Trust funds</i>				
Military retirement fund	602			
Appropriation, current, indefinite	BA			^J 48,600
Appropriation, permanent, indefinite	BA			27,275,771
Outlays	O			17,623,600
				^J - 298,100
Total Military retirement fund	BA			27,324,371
	O			17,325,500
Summary				
Federal funds:				
(As shown in detail above)	BA			8,948,600
	O			8,948,600
Trust funds:				
(As shown in detail above)	BA			27,324,371
	O			17,325,500
Interfund transactions	054			
	BA			- 8,900,000
	O			
	BA			^J - 48,600
	O			
Total Military Retirement	BA			27,324,371
	O			17,325,500
Soldiers' and Airmen's Home				
<i>Trust funds</i>				
Operation and maintenance	705			
Appropriation, current	BA	27,059	30,924	32,352
			^C 78	
			^D 284	
Outlays	O	26,983	30,796	32,217
Total Operation and maintenance	BA	27,059	31,286	32,352
	O	26,983	30,796	32,217
Capital outlays	705			
Appropriation, current	BA		4,550	5,000
Outlays	O	2	4,125	4,782
Payment of claims	705			
Appropriation, permanent, indefinite	BA		5	5
Outlays	O		5	5

See footnotes at end of table

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Civil—Con.				
Soldiers' and Airmen's Home—Con.				
Soldiers' and Airmen's Home revolving fund	705			
Outlays	0	—7		
Summary				
Trust funds:				
(As shown in detail above)	BA	27,059	35,841	37,357
	0	26,978	34,926	37,004
Deductions for offsetting receipts:				
Proprietary receipts from the public	705 BA	—4,287	—4,715	—4,915
	0			
Total Soldiers' and Airmen's Home	BA	22,772	31,126	32,442
	0	22,691	30,211	32,089
Wildlife Conservation, Military Reservations				
<i>Federal funds</i>				
General and Special Funds:				
Wildlife conservation	303			
Appropriation, permanent, indefinite	BA	1,435	1,583	1,679
Outlays	0	1,151	1,638	1,769
Summary				
Federal funds:				
(As shown in detail above)	BA	1,435	1,583	1,679
	0	1,151	1,638	1,769
Deductions for offsetting receipts:				
Proprietary receipts from the public	303 BA	—1,435	—1,583	—1,679
	0			
Total Wildlife Conservation, Military Reservations	0	—284	55	90
Summary				
Federal funds:				
(As shown in detail above)	BA	3,429,426	2,658,971	11,682,038
	0	2,938,148	3,061,773	11,810,909
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA	—5,989	—5,800	—6,000
	0			
	BA			' —200,000
	0			
	303 BA	—10,277	—11,583	—12,679
	0			
	BA		' —16,000	' —16,000
	0			
Total Federal funds	BA	3,413,160	2,625,588	11,447,359
	0	2,921,882	3,028,390	11,576,230
Trust funds:				
(As shown in detail above)	BA	70,759	86,841	27,413,728
	0	72,365	85,926	17,414,504

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Defense—Civil—Con.				
Summary—Con.				
Deductions for offsetting receipts:				
Proprietary receipts from the public	301 BA			
	O	— 43,700	— 51,000	— 52,000
	705 BA			
	O	— 4,287	— 4,715	— 4,915
Total Trust funds	BA	22,772	31,126	27,356,813
	O	24,378	30,211	17,357,589
Interfund transactions	054 BA			— 8,900,000
	O			— 48,600
	BA			
	O			
Total Department of Defense—Civil	BA	3,435,932	2,656,714	29,855,572
	O	2,946,260	3,058,601	19,985,219

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THE BUDGET FOR FISCAL YEAR 1985

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Energy				
Atomic Energy Defense Activities				
<i>Federal funds</i>				
General and Special Funds:				
Atomic energy defense activities	053			
Appropriation, current	BA	5,718,300	6,554,875	7,805,825
			^A 157,600	
Outlays	O	5,171,202	5,875,550	7,101,484
			^A 126,000	^A 31,600
Total Atomic energy defense activities	BA	5,718,300	6,712,475	7,805,825
	O	5,171,202	6,001,550	7,133,084
Energy Programs				
<i>Federal funds</i>				
General and Special Funds:				
General science and research activities	251			
Appropriation, current	BA	534,467	638,250	746,105
Outlays	O	588,921	621,450	684,316
Energy supply, R&D activities	271			
Appropriation, current	BA	2,435,472	1,999,609	
Indefinite	BA			2,037,181
Outlays	O	2,275,666	2,113,900	2,102,039
Total Energy supply, R&D activities	BA	2,435,472	1,999,609	2,037,181
	O	2,275,666	2,113,900	2,102,039

See footnotes at end of table

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Energy—Con.				
Energy Programs—Con.				
Uranium supply and enrichment activities	271			
Appropriation, current, indefinite	BA	1,834,100	2,195,000	
Outlays	O	1,645,513	2,147,000	31,300
Fossil energy research and development	271			
Appropriation, current	BA	217,094	260,214	
Indefinite	BA			187,731
Appropriation, permanent	BA			15,000
Outlays	O	402,841	333,850	280,474
Total Fossil energy research and development	BA	217,094	260,214	202,731
	O	402,841	333,850	280,474
Naval petroleum and oil shale reserves	271			
Appropriation, current	BA	222,000	256,600	223,804
Outlays	O	228,002	224,076	233,354
Energy conservation:				
(Energy conservation)	272			
(Appropriation, current)	BA	429,128	431,131	
				238,000
(Indefinite)	BA			144,077
(Outlays)	O	476,267	459,367	308,910
				71,000
Total (Energy conservation)	BA	429,128	431,131	382,077
	O	476,267	459,367	379,910
Strategic petroleum reserve	274			
Appropriation, current	BA	242,118	158,770	
Indefinite	BA			447,190
Outlays	O	214,794	203,101	356,989
Total Strategic petroleum reserve	BA	242,118	158,770	447,190
	O	214,794	203,101	356,989
Energy information administration	276			
Appropriation, current	BA	58,582	55,870	57,863
			521	
Outlays	O	67,916	58,732	61,889
Total Energy information administration	BA	58,582	56,391	57,863
	O	67,916	58,732	61,889
Emergency preparedness and energy regulation	276			
Appropriation, current	BA	35,666	30,330	27,157
			3,000	
			575	
Outlays	O	44,188	32,873	30,075
			2,567	433
Total Emergency preparedness and energy regulation	BA	35,666	33,905	27,157
	O	44,188	35,440	30,508

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
Department of Energy—Con.				
Energy Programs—Con.				
Federal Energy Regulatory Commission	276			
Appropriation, current.....	BA		^a 1,731	
Indefinite.....	BA	79,665	89,582	40,677
Outlays.....	O	77,879	90,045	39,467
Total Federal Energy Regulatory Commission.....	BA	79,665	91,313	40,677
	O	77,879	90,045	39,467
Geothermal resources development fund	271			
Appropriation, current.....	BA	190	2,100	121
Outlays.....	O	2,460	1,790	685
Alternative fuels production	271			
Outlays.....	O	8,721	5,000	2,847
Payments to states under Federal Power Act	852			
Appropriation, permanent, indefinite.....	BA	164	570	570
Outlays.....	O	1,045	164	570
Nuclear waste disposal fund	271			
Appropriation, current.....	BA		318,675	327,669
Outlays.....	O	160,121	283,616	350,069
<i>Trust funds</i>				
Advances for cooperative work	271			
Appropriation, permanent, indefinite.....	BA	2,580	32,205	18,460
Outlays.....	O	— 21,672	58,008	23,940
Total Federal funds Energy Programs.....	BA	6,088,646	6,442,528	4,493,145
	O	6,194,334	6,577,531	4,554,417
Total Trust funds Energy Programs.....	BA	2,580	32,205	18,460
	O	— 21,672	58,008	23,940

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
National Aeronautics and Space Administration				
<i>Federal funds</i>				
General and Special Funds:				
Research and development:				
(Space flight)	253			
(Appropriation, current)	BA	3,566,460	431,700	511,400
(Outlays)	O	3,515,992	1,022,000	592,200
Total (Space flight)	BA	3,566,460	431,700	511,400
	O	3,515,992	1,022,000	592,200

See footnotes at end of table.

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BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
National Aeronautics and Space Administration—Con.				
(Space science, applications, and technology) 254				
(Appropriation, current)	BA	1,193,600	1,280,000	κ 1,531,000
(Outlays)	O	1,070,943	1,144,900	1,410,600
Total (Space science, applications, and technology)	BA	1,193,600	1,280,000	1,531,000
	O	1,070,943	1,144,900	1,410,600
(Supporting space activities) 255				
(Appropriation, current)	BA	498,900	14,200	κ 15,300
(Outlays)	O	446,124	135,000	31,700
Total (Supporting space activities)	BA	498,900	14,200	15,300
	O	446,124	135,000	31,700
(Air transportation) 402				
(Appropriation, current)	BA	280,000	302,300	κ 342,400
(Outlays)	O	283,125	301,700	340,500
Total (Air transportation)	BA	280,000	302,300	342,400
	O	283,125	301,700	340,500
Total Research and development	BA	5,538,960	2,028,200	2,400,100
	O	5,316,184	2,603,600	2,375,000
Space flight, control, and data communications:				
(Space flight) 253				
(Appropriation, current)	BA		3,101,300	κ 2,804,600
(Outlays)	O		2,578,800	2,768,000
Total (Space flight)	BA		3,101,300	2,804,600
	O		2,578,800	2,768,000
(Supporting space activities) 255				
(Appropriation, current)	BA		674,000	κ 795,700
(Outlays)	O		491,800	733,000
Total (Supporting space activities)	BA		674,000	795,700
	O		491,800	733,000
Total Space flight, control, and data communications	BA		3,775,300	3,600,300
	O		3,070,600	3,501,000
Construction of facilities:				
(Space flight) 253				
(Appropriation, current)	BA	25,245	61,300	κ 31,200
(Outlays)	O	25,770	37,600	50,200
Total (Space flight)	BA	25,245	61,300	31,200
	O	25,770	37,600	50,200

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
National Aeronautics and Space Administration—Con.				
(Space science, applications, and technology) 254				
(Appropriation, current)	BA	1,740	12,000	κ 8,300
(Outlays)	O	497	3,000	8,500
Total (Space science, applications, and technology)	BA	1,740	12,000	8,300
	O	497	3,000	8,500
(Supporting space activities) 255				
(Appropriation, current)	BA	54,240	58,200	κ 90,200
(Reappropriation)	BA	37,599		
(Outlays)	O	58,012	58,100	65,800
Total (Supporting space activities)	BA	91,839	58,200	90,200
	O	58,012	58,100	65,800
(Air transportation) 402				
(Appropriation, current)	BA	20,115	24,000	κ 30,300
(Outlays)	O	23,860	39,800	38,500
Total (Air transportation)	BA	20,115	24,000	30,300
	O	23,860	39,800	38,500
Total Construction of facilities	BA	138,939	155,500	160,000
	O	108,139	138,500	163,000
Research and program management:				
(Space flight) 253				
(Appropriation, current)	BA	493,592	446,100	κ 473,800
			D 7,100	
(Outlays)	O	510,994	452,600	473,800
Total (Space flight)	BA	493,592	453,200	473,800
	O	510,994	452,600	473,800
(Space science, applications, and technology) 254				
(Appropriation, current)	BA	400,695	436,000	κ 479,500
			D 7,000	
(Outlays)	O	414,804	441,700	479,500
Total (Space science, applications, and technology)	BA	400,695	443,000	479,500
	O	414,804	441,700	479,500

See footnotes at end of table.

BUDGET ACCOUNTS LISTING (in thousands of dollars)—Continued

Account and functional code		1983 actual	1984 estimate	1985 estimate
National Aeronautics and Space Administration—Con.				
(Supporting space activities)	255			
(Appropriation, current)	BA	55,789	60,500	..... * 63,300
			^D 1,000	
(Outlays)	O	57,752	61,300	63,300
Total (Supporting space activities)	BA	55,789	61,500	63,300
	O	57,752	61,300	63,300
(Air transportation)	402			
(Appropriation, current)	BA	247,324	295,900	..... * 314,400
			^D 4,900	
(Outlays)	O	256,012	299,900	314,400
Total (Air transportation)	BA	247,324	300,800	314,400
	O	256,012	299,900	314,400
Total Research and program management	BA	1,197,400	1,258,500	1,331,000
	O	1,239,562	1,255,500	1,331,000
<i>Trust funds</i>				
Miscellaneous trust funds	255			
Outlays	O	2	45	.....
Summary				
Federal funds:				
(As shown in detail above)	BA	6,875,299	7,217,500	7,491,400
	O	6,663,885	7,068,200	7,370,000
Trust funds:				
(As shown in detail above)	O	2	45	.....
Total National Aeronautics and Space Adminis- tration	BA	6,875,299	7,217,500	7,491,400
	O	6,663,887	7,068,245	7,370,000

* Supplemental under existing legislation.

* Supplemental Additional authorizing legislation required.

* Supplemental for wage-board pay raises.

* Supplemental for civilian pay raises.

* Supplemental for military pay raises.

* Proposed transfer to other accounts for pay rates (—).

* Proposed transfer from other accounts for pay raises.

* Rescission proposal.

* Proposed for later transmittal under existing legislation.

* Proposed for later transmittal under proposed legislation.

* Additional authorizing legislation required.

* Legislative action required.

* Negative amounts indicate that the offsetting collections credited to the respective subfunctions exceed the gross disbursements.

* Off-budget Federal entity (Rural Electrification and Telephone Revolving Fund).

* Miscellaneous outlays not attributed to any single program.

* Supplemental request pending.

* In order to reflect the transactions of the Federal Financing Bank (FFB) account on behalf of other agencies, budget authority and outlays of the FFB account are shown by agency, account title, and subfunction of the account being serviced. The non-lending FFB transactions are shown in subfunction 803 (central fiscal operations).

PART 9

SUMMARY TABLES

9-1

Tables 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 20, 22, 23, 24 and 25 have been reprinted herein.

The entire section may be referred to on pages 9-1 through 9-62 of "The Budget of the United States Government" (small book).

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EXPLANATORY NOTE RELATING TO THE SUMMARY TABLES

Types of tables.—This part of the budget consists of tables as follows:

- Tables 1 through 13 are short summary tables of the budget.
- Tables 14 through 16 provide greater detail in support of financial data in the first three tables.
- Table 17 presents 5-year projections of the estimated costs of proposed legislation pursuant to section 221(a) of the Legislative Reorganization Act of 1970.
- Tables 18 and 19 provide detailed information on direct loan and guaranteed loan activity within the Federal credit control system.
- Tables 20 through 26 are historical in nature, giving data, for earlier years, comparable to those data in the preceding tables, and also giving information on the national income accounts, the gross national product over a longer period, and the budget in constant (fiscal year 1972) prices.

Periods covered.—Due to the change in fiscal year required by the Congressional Budget Act, the following periods are covered by the various columns or stub entries:

- July 1 through June 30 for the 1976 and prior fiscal periods.
- July 1 through September 30, 1976, for the transition quarter (TQ).
- October 1 through September 30 for the 1977 and subsequent fiscal periods.

Concepts followed.—The concepts used in the current and historical tables are discussed in Part 7 of this volume. Budget authority and outlays for off-budget Federal entities are included in selected tables.

NOTES

The 1985 budget reflects establishment of a military retirement trust fund in Department of Defense-Civil presentations effective October 1, 1984, in accordance with Public Law 98-94. In selected summary tables, additional entries in parentheses show amounts for previous years adjusted to reflect imputed charges for accruals in subfunction 051, the accrual offset in subfunction 951, and transfer of cash payments to retired military personnel to subfunction 602.

The outlay totals for 1983 exceed Treasury outlay totals by \$53 million primarily due to adjustments in outlays of the (a) Tennessee Valley Authority (+\$49 million), (b) Department of Interior payments to Papago trust and cooperative fund (+\$15 million), and (c) National Credit Union Administration central liquidity facility (−\$11 million).

Table 1. BUDGET SUMMARY

(In millions of dollars)

Description	1983 actual	1984 estimate	1985 estimate
THE BUDGET			
Budget authority (largely appropriations):			
Available through current action by Congress:			
Enacted and pending	525,556	521,830	.....
Proposed in this budget		4,835	551,517
To be requested separately		317	9,301
Available without current action by Congress	507,673	535,138	628,885
Deductions for offsetting receipts ¹	-166,484	-149,603	-183,164
Total budget authority	866,745	912,517	1,006,538
<i>Budget authority, off-budget Federal entities</i>	<i>(21,174)</i>	<i>(29,078)</i>	<i>(24,705)</i>
<i>Budget authority including off-budget Federal entities</i>	<i>(887,919)</i>	<i>(941,595)</i>	<i>(1,031,243)</i>
Receipts, outlays, and surplus or deficit:			
Receipts:			
Total budget receipts	600,562	670,071	745,127
Outlays:			
Total budget outlays	795,969	853,760	925,492
<i>Outlays, off-budget Federal entities</i>	<i>(12,357)</i>	<i>(16,196)</i>	<i>(14,814)</i>
<i>Outlays, including off-budget Federal entities</i>	<i>(808,327)</i>	<i>(869,956)</i>	<i>(940,307)</i>
Surplus or deficit (-):			
Total budget deficit (-)	-195,407	-183,689	-180,365
<i>Deficit, off-budget Federal entities</i>	<i>(-12,357)</i>	<i>(-16,196)</i>	<i>(-14,814)</i>
<i>Total deficit (-)</i>	<i>(-207,764)</i>	<i>(-199,884)</i>	<i>(-195,179)</i>
THE CREDIT BUDGET			
New obligations and commitments:			
New direct loan obligations	41,358	37,862	31,694
New guaranteed loan commitments ²	97,221	97,371	98,789
Total	138,579	135,233	130,483
Net loans and loan guarantees:			
Net direct loans:			
On-budget	4,814	-3,879	2,547
Off-budget	10,496	13,150	10,470
Net guaranteed loans ²	34,098	39,385	38,938
Total	49,408	48,656	51,955
FEDERAL DEBT			
	1982 actual		
Debt outstanding, end of period:			
Gross Federal debt	1,146,987	1,381,886	1,591,573
Held by:			
Government agencies	217,560	240,116	266,803
The public	929,427	1,141,770	1,324,770
Federal Reserve System	134,497	155,527	
Others	794,929	986,243	

¹ These consist of intragovernmental transactions and proprietary receipts from the public.² To avoid double counting, excludes guarantees (or commitments) of loans previously guaranteed and guarantees (or commitments) by one Government account of direct loans made by another Government account.

Table 2. BUDGET RECEIPTS BY SOURCE AND BUDGET OUTLAYS BY AGENCY, 1983-89

(In billions of dollars)

	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
Budget receipts by source:							
Individual income taxes	288.9	293.3	328.4	364.1	401.6	447.3	490.7
Corporation income taxes	37.0	66.6	76.5	87.9	97.9	103.9	107.9
Social insurance taxes and contributions ...	209.0	239.5	270.7	297.8	324.1	362.2	394.8
Excise taxes	35.3	38.2	38.4	34.1	33.4	33.9	34.5
Estate and gift taxes	6.1	5.9	5.6	5.1	4.6	4.3	4.7
Customs duties	8.7	9.1	9.4	9.6	9.9	10.3	11.1
Miscellaneous receipts	15.6	17.5	16.0	16.3	16.3	16.3	16.6
Total budget receipts	600.6	670.1	745.1	814.9	887.8	978.3	1,060.3
Budget outlays by agency:							
Legislative branch	1.4	1.7	1.7	1.8	1.8	1.8	1.8
The Judiciary .....	.8	.9	1.0	1.1	1.1	1.2	1.2
Executive Office of the President .....	.1	.1	.1	.1	.1	.1	.1
Funds appropriated to the President	5.5	8.1	11.1	12.1	12.6	12.6	11.9
Agriculture	46.4	34.8	37.7	36.1	36.4	36.2	36.3
Commerce	1.9	2.2	2.0	1.8	1.8	1.9	2.0
Defense—Military: ¹							
Including accruals	(204.4)	(231.0)	264.4	301.8	339.2	369.8	398.8
Excluding accruals	205.0	231.0					
Defense—Civil:							
Including military retirees	(18.9)	(19.6)	20.0	21.1	22.5	23.9	25.2
Excluding military retirees	2.9	3.1					
Education	14.6	16.1	15.5	15.5	15.3	15.3	15.2
Energy	8.4	8.8	9.9	11.0	11.3	11.7	11.9
Health and Human Services	276.6	296.0	318.1	340.3	366.3	394.0	421.0
Housing and Urban Development	15.3	15.9	15.2	15.1	16.5	16.7	16.7
Interior	4.6	4.9	4.4	4.2	4.2	4.2	4.3
Justice	2.8	3.4	3.7	3.7	3.7	3.7	3.8
Labor	38.1	27.1	26.4	25.5	25.0	23.8	23.5
State	2.3	2.6	3.1	2.8	3.1	3.2	3.3
Transportation	20.6	25.3	26.2	27.4	28.0	27.9	27.8
Treasury	116.4	137.7	149.5	162.8	173.2	177.1	177.7
Environmental Protection Agency	4.3	4.0	4.2	4.0	3.8	3.7	3.6
General Services Administration .....	.2	.5	.3	.2	.3	.3	.3
National Aeronautics and Space Adminis- tration	6.7	7.1	7.4	7.8	8.1	8.6	9.0
Office of Personnel Management	21.3	22.6	23.7	25.2	26.9	28.6	30.2
Small Business Administration .....	.5	.4	.4	.4	.4	.3	.3
Veterans Administration	24.8	25.8	26.7	27.8	28.9	30.0	30.9
Other agencies	10.3	10.8	10.1	9.0	8.4	7.6	6.9
Allowances ² .....			.9	4.0	6.3	8.5	10.9
Undistributed offsetting receipts:							
Including accrual offset	(-51.1)	(-53.4)	-58.3	-70.5	-76.9	-82.3	-91.1
Excluding accrual offset	-35.7	-36.9					
Total budget outlays	796.0	853.8	925.5	992.1	1,068.3	1,130.3	1,183.7
Budget surplus or deficit(—)	-195.4	-183.7	-180.4	-177.1	-180.5	-152.0	-123.4

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Note—Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

Table 3. BUDGET OUTLAYS BY FUNCTION, 1983-89

(In billions of dollars)

	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
National defense:							
Military personnel:							
Including accruals.....	(60.9)	(64.5)	67.3	69.7	71.5	73.0	73.9
Excluding accruals.....	45.5	48.0					
Retired military personnel:							
Consistent with accrual presentation.....	(.....)	(.....)					
Cash payments.....	15.9	16.5	*				
Operation and Maintenance.....	64.9	68.5	76.9	86.6	95.9	103.6	111.1
Procurement.....	53.6	64.4	77.6	91.2	106.7	117.1	126.4
Other ¹	30.5	40.0	50.3	63.0	74.5	86.1	97.7
Total national defense:							
Including accruals.....	(209.9)	(237.5)	272.0	310.6	348.6	379.7	409.1
Excluding accruals.....	210.5	237.5					
International affairs.....	9.0	13.5	17.5	17.9	18.8	18.9	18.3
General science, space and technology....	7.7	8.3	8.8	9.4	9.8	10.3	10.8
Energy.....	4.0	3.5	3.1	2.9	2.5	2.6	2.6
Natural resources and environment.....	12.7	12.3	11.3	10.6	10.2	10.1	10.1
Agriculture.....	22.2	10.7	14.3	12.0	11.9	11.4	10.9
Commerce and housing credit.....	4.4	3.8	1.1	.6	1.2	.2	-.6
Transportation.....	21.4	26.1	27.1	28.3	28.9	28.7	28.8
Community and regional development.....	6.9	7.6	7.6	7.1	6.8	6.6	6.4
Education, training, employment, and social services.....	26.6	28.7	27.9	27.7	27.6	27.7	27.8
Health.....	28.7	30.7	32.9	34.7	37.2	39.9	42.7
Social security and medicare:							
Social security.....	170.7	179.2	190.6	204.2	218.8	233.7	248.6
Medicare.....	52.6	61.1	69.7	76.5	84.8	93.8	103.3
Total social security and medicare.....	223.3	240.2	260.3	280.7	303.7	327.5	351.9
Income security:							
General retirement and disability insurance.....	5.6	5.5	5.7	5.8	5.9	6.1	6.3
Federal employee retirement:							
Including military retirees.....	(36.5)	(38.1)	40.0	42.6	45.4	48.2	51.1
Excluding military retirees.....	20.6	21.6					
Unemployment compensation.....	31.5	20.7	20.1	19.5	18.8	17.3	16.7
Housing assistance.....	9.6	10.0	10.9	11.3	12.0	12.5	13.0
Food and nutrition assistance.....	18.0	17.6	17.1	17.9	18.7	19.2	19.9
Other income security.....	21.1	20.5	20.6	20.7	21.2	22.5	22.3
Total income security:							
Including military retirees.....	(122.2)	(112.5)	114.4	117.9	122.0	125.8	129.3
Excluding military retirees.....	106.2	96.0					

Table 3. BUDGET OUTLAYS BY FUNCTION, 1983-89—Continued

(In billions of dollars)

	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
Veterans benefits and services	24.8	25.8	26.7	27.8	28.9	30.2	31.0
Administration of justice	5.1	6.0	6.1	6.1	6.2	6.3	6.4
General government	4.8	5.7	5.7	5.7	5.7	5.9	5.9
General purpose fiscal assistance	6.5	6.7	6.7	6.8	7.0	7.1	7.3
Net interest	89.8	108.2	116.1	124.2	130.9	130.8	126.3
Allowances:							
Civilian agency pay raises ² .....			.4	3.0	5.1	7.3	9.6
Increased employing agency pay- ments for employee retirement .....			.5	1.1	1.1	1.2	1.3
Total allowances .....			.9	4.0	6.3	8.5	10.9
Undistributed offsetting receipts:							
Employer-share, employee retire- ment:							
Including accrual offset	(-23.5)	(-25.3)	-27.9	-31.6	-34.2	-37.1	-39.8
Excluding accrual offset	-8.1	-8.8					
Rents and royalties on the Outer Continental Shelf	-10.5	-8.7	-7.4	-11.3	-11.6	-11.0	-12.2
Total undistributed offsetting receipts:							
Including accrual offset	(-34.0)	(-34.0)	-35.3	-42.9	-45.8	-48.1	-52.0
Excluding accrual offset	-18.6	-17.5					
Total budget outlays	796.0	853.8	925.5	992.1	1,068.3	1,130.3	1,183.7

⁰50 million or less.¹ Includes allowances for civilian and military pay raises for Department of Defense—Military.² Includes allowances for military pay raises for the Coast Guard.

Note. Beginning in 1985, the budget reflects the establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

Table 4. DIFFERENCES BETWEEN CURRENT SERVICES AND THE BUDGET:
OUTLAYS BY FUNCTION, 1984-1989

(In billions of dollars)

	Estimate					
	1984	1985	1986	1987	1988	1989
Current services estimates	854.0	944.9	1,019.2	1,094.2	1,163.1	1,229.9
Differences:						
National defense ¹ .....	.1	-12.2	-11.4	-4.1	-4.6	-10.5
International affairs .....	.3	3.4	4.3	4.7	4.4	4.0
General science, space and technology	—*	.4	1.2	2.2	2.9	3.4
Energy	—*	-.2	-.4	-.6	-.6	-.6
Natural resources and environment .....	.1	-.5	-.7	-.9	-1.0	-1.1
Agriculture	—*	—*	-2.0	-1.8	-1.6	-1.6
Commerce and housing credit	—*	-.4	-.5	-.7	-.9	-1.1
Transportation	—*	-.4	-.1	-.5	-.8	-1.1
Community and regional development	*	-.1	-.3	-.5	-.7	-.9
Education, training, employment and social services	-.1	-1.1	-2.5	-3.5	-4.3	-5.1
Health	—*	-1.5	-2.1	-2.4	-2.8	-3.2
Social security and medicare:						
Social security		-.1	-.1	-.1	-.2	-.2
Medicare	-.1	-1.0	-2.1	-3.5	-5.2	-7.2
Total social security and medicare	-.1	-1.1	-2.2	-3.6	-5.4	-7.4
Income security:						
General retirement and disability insurance	-.1	-.2	-.2	-.2	-.3	-.3
Federal employee retirement	-.2	-.7	-1.3	-1.6	-1.8	-2.0
Unemployment compensation	*	*	*	*	*	*
Housing assistance	—*	-.1	-.5	-.6	-.7	-.9
Food and nutrition assistance	-.1	-.6	-.7	-.8	-.8	-.9
Other income security	—*	-.9	-1.3	-1.3	-1.4	-1.5
Total income security	-.4	-2.5	-4.0	-4.5	-5.0	-5.6
Veterans benefits and services	*	.1	.5	.7	.8	.9
Administration of justice	*	—*	-.2	-.2	-.2	-.2
General government	*	*	-.1	-.1	-.2	-.1
General purpose fiscal assistance		-.1	-.2	-.3	-.3	-.4
Net interest	-.1	-1.8	-4.6	-7.4	-9.6	-12.2
Allowances ²		-.5	.6	.7	.7	.8
Undistributed offsetting receipts	*	-.7	-2.4	-3.0	-3.6	-4.1
Total differences	-.3	-19.4	-27.1	-25.9	-32.8	-46.2
Total budget outlays	853.8	925.5	992.1	1,068.3	1,130.3	1,183.7

* 50 million or less.

¹ Includes allowances for civilian and military pay raises for Department of Defense-Military.

² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Table 5. BUDGET AUTHORITY BY AGENCY, 1983-89

(In billions of dollars)

Department or other unit	1983 actual	Estimate					
		1984	1985	1986	1987	1988	1989
Legislative branch	1.7	1.7	1.7	1.8	1.8	1.8	1.8
The Judiciary .....	.8	.9	1.0	1.1	1.1	1.2	1.3
Executive Office of the President .....	.1	.1	.1	.1	.1	.1	.1
Funds appropriated to the President	3.3	16.5	13.1	13.5	13.3	13.2	13.1
Agriculture	56.4	27.8	35.0	35.5	35.7	36.3	36.2
Commerce	1.9	2.0	1.6	1.6	1.7	1.9	2.0
Defense—Military: ¹							
Including accruals	(238.7)	(258.1)	305.0	349.6	379.2	411.5	446.1
Excluding accruals	239.5	258.2					
Defense—Civil:							
Including military retirees	(19.6)	(19.2)	29.9	33.4	36.8	40.3	43.4
Excluding military retirees	3.4	2.7					
Education	15.4	15.4	15.4	15.6	15.5	15.5	15.4
Energy	9.3	9.7	10.8	11.8	12.1	12.3	12.6
Health and Human Services	280.2	295.0	324.8	354.8	386.5	434.5	475.4
Housing and Urban Development	16.0	13.7	10.5	12.9	16.5	14.0	14.3
Interior	5.0	4.6	4.3	4.3	4.3	4.3	4.3
Justice	3.0	3.4	3.7	3.7	3.7	3.8	3.8
Labor	36.4	36.2	28.0	28.7	30.9	31.6	32.0
State	2.8	2.9	3.4	3.3	3.4	3.5	3.5
Transportation	26.3	28.6	28.6	29.3	29.1	28.8	28.5
Treasury	117.1	137.9	149.7	162.9	173.2	176.8	177.4
Environmental Protection Agency	3.7	4.0	4.2	4.0	4.0	3.9	3.9
General Services Administration .....	.7	.3	.3	.4	.4	.4	.4
National Aeronautics and Space Administration	6.9	7.2	7.5	7.9	8.3	8.8	9.2
Office of Personnel Management	35.7	37.8	40.9	45.5	48.9	52.3	55.5
Small Business Administration	1.0	.6	.6	.6	.6	.4	.4
Veterans Administration	25.3	26.3	27.2	28.3	29.5	30.5	31.3
Other agencies	10.7	16.0	16.5	15.9	14.8	14.5	13.2
Allowances ²			1.0	4.2	6.4	8.6	11.0
Undistributed offsetting receipts:							
Interest received by trust funds	-17.1	-19.4	-22.6	-26.2	-30.2	-34.2	-39.1
Interest received from Outer Continental Shelf escrow account			-.4	-1.4	-.9		
Employer share, employee retirement:							
Including accrual offset	(-23.5)	(-25.3)	-27.9	-31.6	-34.2	-37.1	-39.8
Excluding accrual offset	-8.1	-8.8					
Rents and royalties on the Outer Continental Shelf	-10.5	-8.7	-7.4	-11.3	-11.6	-11.0	-12.2
Total undistributed offsetting receipts:							
Including accrual offset	(-51.1)	(-53.4)	-58.3	-70.5	-76.9	-82.3	-91.1
Excluding accrual offset	-35.7	-36.9					
Total budget authority	866.7	912.5	1,006.5	1,100.3	1,181.2	1,268.2	1,345.1

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Note.—Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

Table 6. BUDGET AUTHORITY BY FUNCTION, 1983-89

(In billions of dollars)

	1983 actual	Estimates					
		1984	1985	1986	1987	1988	1989
National defense:							
Military personnel:							
Including accruals.....	(61.0)	(65.1)	67.8	70.1	71.8	73.3	74.4
Excluding accruals.....	45.7	48.6					
Retired military personnel:							
Consistent with accrual presentation.....	(....)	(....)					
Cash payments.....	16.2	16.6					
Operation and maintenance.....	66.5	70.9	80.9	90.6	100.1	107.8	115.4
Procurement.....	80.4	86.0	107.6	126.0	137.0	147.1	161.5
Other ¹	37.1	43.3	57.0	72.3	80.1	93.3	105.3
Total national defense:							
Including accruals.....	(245.0)	(265.3)	313.4	359.0	389.1	421.6	456.4
Excluding accruals.....	245.8	265.3					
International affairs.....	7.2	23.0	22.3	22.3	22.4	22.4	21.3
General science, space, and technology.....	8.0	8.6	9.1	9.5	10.0	10.5	11.0
Energy.....	4.1	3.4	3.1	3.1	2.6	2.4	2.4
Natural resources and environment..	13.3	11.5	10.8	10.6	10.4	10.4	10.4
Agriculture.....	31.0	4.2	12.1	11.7	11.3	11.4	10.7
Commerce and housing credit.....	5.3	5.5	5.1	5.1	6.4	6.4	6.6
Transportation.....	27.0	29.4	29.5	30.2	30.0	29.7	29.4
Community and regional development.....	8.7	7.2	6.4	6.6	6.6	6.7	6.8
Education, training, employment, and social services.....	28.2	31.2	27.5	27.8	27.9	27.9	28.0
Health.....	25.0	31.6	31.8	34.7	37.3	40.0	42.8
Social security and medicare:							
Social security.....	184.1	175.9	198.5	213.2	227.0	271.8	302.2
Medicare.....	46.4	62.8	70.2	82.0	96.8	96.1	104.0
Total social security and medicare.....	230.5	238.7	268.7	295.2	323.8	368.0	406.2
Income security:							
General retirement and disability insurance.....	5.0	8.0	6.7	7.3	6.7	6.6	6.7
Federal employee retirement:							
Including military retirees.....	(51.3)	(53.6)	67.5	75.4	82.0	88.5	94.7
Excluding military retirees.....	35.2	37.0					
Unemployment compensation.....	29.3	26.4	21.9	22.5	24.5	24.9	25.0
Housing assistance.....	10.0	8.0	5.6	7.8	10.2	7.6	7.8
Food and nutrition assistance.....	18.2	17.7	17.2	17.9	18.7	19.2	20.0
Other income security.....	21.0	20.4	20.3	20.7	21.2	22.5	22.3
Total income security:							
Including military retirees.....	(134.9)	(134.1)	139.2	151.6	163.3	169.3	176.4
Excluding military retirees.....	118.7	117.6					

Table 6. BUDGET AUTHORITY BY FUNCTION, 1983-89—Continued

(In billions of dollars)

	1983 actual	Estimates					
		1984	1985	1986	1987	1988	1989
Veterans benefits and services.....	25.4	26.3	27.3	28.4	29.6	30.5	31.4
Administration of justice.....	5.4	6.0	6.1	6.2	6.3	6.4	6.5
General government.....	5.5	5.6	5.8	5.9	5.8	6.0	6.1
General purpose fiscal assistance.....	6.4	6.7	6.7	6.8	7.0	7.1	7.3
Net interest.....	89.8	108.2	116.1	124.2	130.9	130.8	126.3
Allowances:							
Civilian agency pay raises ².....			.4	3.1	5.2	7.4	9.7
Increased employing agency payments for employee re- tirement.....			.5	1.1	1.1	1.2	1.3
Total allowances.....			1.0	4.2	6.4	8.6	11.0
Undistributed offsetting receipts:							
Employer share, employee re- tirement:							
Including accrual offset.....	(-23.5)	(-25.3)	-27.9	-31.6	-34.2	-37.1	-39.8
Excluding accrual offset.....	-8.1	-8.8					
Rents and royalties on the Outer Continental Shelf.....	-10.5	-8.7	-7.4	-11.3	-11.6	-11.0	-12.2
Total undistributed offset- ting receipts:							
Including accrual offset.....	(-34.0)	(-34.0)	-35.3	-42.9	-45.8	-48.1	-52.0
Excluding accrual off- set.....	-18.6	-17.5					
Total budget authority....	866.7	912.5	1,006.5	1,100.3	1,181.2	1,268.2	1,345.1

¹ Includes allowances for civilian and military pay raises for Department of Defense—Military.² Includes allowances for military pay raises for the Coast Guard.

Note: Beginning in 1985, the budget reflects the establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983 and 1984 on a comparable basis.

Table 7. DIFFERENCES BETWEEN CURRENT SERVICES AND THE BUDGET:
BUDGET AUTHORITY BY FUNCTION, 1984-1989

(In billions of dollars)

	Estimate					
	1984	1985	1986	1987	1988	1989
Current services estimates	911.8	1,031.0	1,118.4	1,204.0	1,301.9	1,389.7
Differences:						
National defense ¹ .....	.3	-15.4	-4.6	-6.4	-10.1	-15.0
International affairs .....	.9	5.3	5.0	4.7	4.3	3.8
General science, space and technology .....		.5	1.3	2.4	3.1	3.5
Energy	*	-.2	-.3	-.4	-.4	-.5
Natural resources and environment .....	.1	-.9	-1.2	-1.4	-1.5	-1.7
Agriculture .....	.1	-1.1	-1.5	-1.8	-1.4	-1.6
Commerce and housing credit		-.6	-.7	-.8	-.9	-1.0
Transportation	-*	.5	*	-.5	-.9	-1.3
Community and regional development	*	-.5	-.5	-.8	-1.0	-1.2
Education, training, employment and social services	-.1	-2.5	-3.3	-4.1	-4.9	-5.7
Health	-*	-1.6	-2.3	-2.7	-3.1	-3.5
Social security and medicare:						
Social security .....		.8	.9	.7	4.7	3.3
Medicare	*	-.6	-.9	-1.5	-6.2	-6.0
Total social security and medicare	*	.3	-.*	-.8	-1.5	-2.8
Income security:						
General retirement and disability insurance	-*	-*	-*	-*	-*	-*
Federal employee retirement	-*	.9	3.6	4.7	5.8	6.9
Unemployment compensation	*	.1	.2	.2	.3	.3
Housing assistance	-.3	-4.6	-5.7	-3.4	-6.5	-6.7
Food and nutrition assistance	-.1	-.6	-.7	-.8	-.8	-.9
Other income security		-.9	-1.3	-1.3	-1.4	-1.5
Total income security	-.4	-5.0	-4.0	-.6	-2.6	-2.0
Veterans benefits and services	*	.1	.7	.7	.7	.7
Administration of justice	*	-.1	-.2	-.2	-.2	-.3
General government	*	.1	-.1	-.1	-.1	-*
General purpose fiscal assistance		-.1	-.2	-.3	-.3	-.4
Net interest	-.1	-1.8	-4.6	-7.4	-9.6	-12.2
Allowances ²		-.6	.7	.7	.7	.8
Undistributed offsetting receipts		-.7	-2.4	-3.0	-3.6	-4.1
Total differences .....	.7	-24.3	-18.1	-22.9	-33.6	-44.6
Total budget authority	912.5	1,006.5	1,100.3	1,181.2	1,268.2	1,345.1

* 50 million or less.

¹ Includes allowances for civilian and military pay raises for Department of Defense-Military.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Table 8. BUDGET AUTHORITY AND OUTLAYS AVAILABLE THROUGH CURRENT ACTION BY CONGRESS

(In millions of dollars)

Department or other unit	Budget authority			Outlays		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Legislative branch.....	1,590	1,650	1,606	1,240	1,378	1,458
The Judiciary.....	811	912	1,024	733	826	930
Executive Office of the President.....	101	111	117	83	95	100
Funds appropriated to the President.....	8,844	18,049	13,914	2,924	3,973	6,296
Agriculture.....	24,554	24,401	23,048	21,669	22,166	22,280
Commerce.....	1,960	1,985	1,598	1,204	1,206	1,044
Defense—Military ¹	239,673	258,653	305,673	140,456	151,671	170,731
Defense—Civil.....	3,446	2,686	2,858	2,042	1,708	1,772
Education.....	15,415	15,424	15,478	4,534	4,891	4,848
Energy.....	12,618	13,899	12,738	5,675	6,892	6,335
Health and Human Services.....	90,223	73,771	75,443	82,635	66,220	68,134
Housing and Urban Development.....	15,813	13,502	10,283	1,214	1,015	1,101
Interior.....	5,310	5,067	5,029	3,475	3,522	3,463
Justice.....	3,046	3,446	3,675	2,473	2,873	3,151
Labor.....	17,773	15,827	6,118	16,118	8,458	2,238
State.....	2,326	2,494	2,873	1,902	2,109	2,471
Transportation.....	23,446	11,993	11,398	8,041	7,322	6,349
Treasury.....	9,153	9,572	9,902	8,533	8,999	9,199
Environmental Protection Agency.....	3,729	4,054	4,293	801	966	1,084
General Services Administration.....	567	479	500	368	425	444
National Aeronautics and Space Admin- istration.....	6,875	7,218	7,491	4,991	5,406	5,612
Office of Personnel Management.....	5,386	5,900	6,449	5,154	5,431	5,253
Small Business Administration.....	1,017	598	569	877	541	511
Veterans Administration.....	24,611	25,492	26,455	21,595	22,534	23,180
Other independent agencies.....	7,269	9,798	11,330	5,490	5,854	5,576
Allowances ²			954			938
Total.....	525,556	526,982	560,817	344,230	336,482	354,498
MEMORANDUM						
Appropriations to liquidate contract authority: ³						
Agriculture.....		9,607				
Defense—Military.....	11					
Housing and Urban Development.....	9,344	10,697	11,663			
Interior.....	*	2				
Transportation.....	9,948	12,838	14,140			
Other independent agencies.....		4				
Total.....	19,303	33,148	25,802			
ADDENDUM						
Portion available through current action by Congress.....	525,556	526,982	560,817	344,230	336,482	354,498
Portion available without current action by Congress.....	507,673	535,138	628,885	412,002	430,426	505,396
Outlays from obligated balances ⁴				163,630	184,808	204,766
Outlays from unobligated balances ⁴				42,591	51,647	43,997
Deductions for offsetting receipts:						
Intragovernmental transactions.....	-126,554	-108,719	-143,938	-126,554	-108,719	-143,938
Proprietary receipts from the public.....	-39,930	-40,884	-39,226	-39,930	-40,884	-39,226
Total budget authority and out- lays.....	866,745	912,517	1,006,538	795,969	853,760	925,492

* \$500 thousand or less.

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.³ Excluded from budget authority above.⁴ Outlays from appropriations to liquidate contract authority are included as outlays from balances.

Table 9. RELATION OF BUDGET AUTHORITY TO OUTLAYS

(In millions of dollars)

Description	1983 actual	1984 estimate	1985 estimate
<i>Budget authority available through current action by Congress:</i>			
Enacted, pending, or recommended herein:			
Appropriations ¹	503,303	514,040	544,052
Contract authority.....	20,226	7,402	4,245
Authority to borrow.....	926	4,258	3,219
Reappropriations and reauthorizations.....	1,102	965	1
To be requested separately:			
Appropriations ¹		317	9,331
Contract authority.....			-30
Total budget authority available through current action by Congress (table 8).....	525,556	526,982	560,817
<i>Budget authority available without current action by Congress (permanent authorizations):</i>			
Appropriations ¹	465,622	503,397	587,640
Contract authority.....	20,110	29,355	30,365
Authority to borrow.....	21,940	2,386	10,880
<i>Deductions for offsetting receipts (table 15):</i>			
Intragovernmental transactions.....	-126,554	-108,719	-143,938
Proprietary receipts from the public.....	-39,930	-40,884	-39,226
Total budget authority for the year (table 5).....	866,745	912,517	1,006,538
<i>Unobligated balances and adjustments:</i>			
Unobligated balances:			
Brought forward at start of year (table 11).....	360,706	384,793	399,168
Written off (rescinded, lapsed, etc.) ²	-2,894	-4,308	-2,804
Carried forward at end of year (table 11).....	-384,793	-399,168	-434,863
Obligations incurred, net (table 10).....	839,764	893,833	968,038
<i>Obligated balances:</i>			
Brought forward at start of year, funded (table 11).....	484,391	516,285	551,419
Adjustments in expired accounts.....	-1,748	-357	-40
Adjustments in unexpired accounts.....	-10,152	-4,583	-2,894
Deficiency appropriations.....			
Carried forward at end of year (table 11).....	-516,285	-551,419	-591,031
Budget outlays (table 3).....	795,969	853,760	925,492
MEMORANDUM			
Federal funds included above:			
Budget authority available through current action by Congress....	510,452	524,225	555,079
Budget authority ³	648,869	661,543	722,204
Obligations incurred, net ³	641,210	663,660	725,452
Budget outlays ³	600,920	628,789	687,221

¹ Excludes appropriations to liquidate contract authority.

	1983 actual	1984 estimate	1985 estimate
Enacted, pending, or recommended herein.....	32,609	46,741	39,175

² Includes redemption of agency debt and capital transfers to the general fund.³ Amounts are net of intratund transactions, receipts from off-budget Federal entities, and proprietary receipts from the public.

Table 10. OBLIGATIONS INCURRED, NET

(In millions of dollars)

Department or other unit	1983 actual	1984 estimate	1985 estimate
Legislative branch	1,609	1,726	1,752
The Judiciary	808	918	1,029
Executive Office of the President	100	111	117
Funds appropriated to the President	1,813	12,905	13,480
Agriculture	52,554	24,342	33,321
Commerce	1,921	2,140	1,600
Defense—Military: ¹			
Including accruals	(227,037)	(257,638)	297,473
Excluding accruals	227,629	257,687	
Defense—Civil:			
Including military retirees	(19,151)	(19,494)	20,097
Excluding military retirees	3,197	2,942	
Education	14,922	16,494	15,372
Energy	8,701	10,471	10,670
Health and Human Services	272,801	296,842	318,637
Housing and Urban Development	29,782	23,546	21,480
Interior	4,883	5,101	4,313
Justice	2,931	3,575	3,699
Labor	38,463	28,952	26,363
State	2,257	2,727	3,102
Transportation	26,080	28,644	27,855
Treasury	116,486	137,815	149,611
Environmental Protection Agency	5,021	4,196	4,207
General Services Administration	731	733	443
National Aeronautics and Space Administration	6,695	7,579	7,497
Office of Personnel Management	21,819	23,342	24,633
Small Business Administration	432	536	362
Veterans Administration	25,220	26,149	26,825
Other independent agencies:			
Export-Import Bank	-875	1,768	2,850
Federal Deposit Insurance Corporation	-982	-1,424	-1,696
Federal Home Loan Bank Board	-231	-325	-874
U.S. Postal Service	789	879	692
Railroad Retirement Board	3,904	3,876	4,197
All other independent agencies	6,019	6,528	6,256
Allowances ²			954
Undistributed offsetting receipts:			
Including accrual offset	(-51,078)	(-53,443)	-58,279
Excluding accrual offset	-35,716	-36,940	
Total	839,764	893,833	968,038
MEMORANDUM			
Federal funds	641,210	663,660	725,452
Trust funds	297,791	311,622	355,165
Interfund transactions	-99,238	-81,449	-112,578
Total	839,764	893,833	968,038

¹ Includes allowances for civilian and military pay raises for Department of Defense.² Includes allowances for civilian agency pay raises and increased employing agency payments for employee retirement.

Note.—Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for 1983-84 on a comparable basis.

Table 11. BALANCES OF BUDGET AUTHORITY

(In millions of dollars)

Department or other unit	Start 1983		End 1983		End 1984		End 1985	
	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated	Obligated	Unobligated
Legislative branch	278	196	407	265	465	284	475	234
The Judiciary	64	78	80	85	88	93	99	101
Executive Office of the President	15		19		17		18	
Funds appropriated to the President	44,373	23,581	38,972	26,250	43,740	29,685	46,077	29,331
Agriculture	16,257	1,655	21,971	2,513	11,346	2,511	6,924	2,857
Commerce	1,437	379	1,381	380	1,344	207	955	201
Defense—Military ¹	107,610	34,634	128,672	43,386	155,358	42,966	188,432	50,492
Defense—Civil ²	707	427	957	666	840	381	952	10,139
Education	11,245	1,943	11,398	2,467	11,819	1,205	11,673	1,120
Energy	7,200	1,139	7,434	1,491	9,014	383	9,773	58
Health and Human Services	23,452	33,843	19,426	40,366	20,287	38,514	20,838	44,692
Housing and Urban Development	203,994	73,073	213,390	62,768	217,501	54,788	221,630	45,669
Interior	2,163	1,815	2,366	1,962	2,613	1,438	2,560	1,397
Justice	396	173	456	287	595	157	545	133
Labor	1,969	12,242	2,266	10,332	3,888	17,834	3,841	18,155
State	560	1,347	494	1,806	610	2,006	655	2,310
Transportation	25,012	8,584	30,142	9,018	33,437	8,983	35,071	9,731
Treasury	1,647	29,574	1,752	30,360	1,859	30,395	1,961	30,488
Environmental Protection Agency	10,100	2,054	10,245	1,258	10,483	1,066	10,503	1,063
General Services Administration ..	181	1,214	667	1,139	854	627	1,035	454
National Aeronautics and Space Administration	1,322	661	1,346	803	1,857	442	1,984	436
Office of Personnel Management	6,838	94,731	7,369	108,633	8,146	123,113	9,038	139,401
Small Business Administration	104	980	56	1,218	149	1,259	158	1,444
Veterans Administration	3,266	11,865	3,624	11,920	4,002	12,001	4,133	12,402
Other independent agencies:								
Export-Import Bank	8,978		6,421	399	5,716		6,198	
Federal Deposit Insurance Corporation	539	12,805	171	13,787	171	15,211	171	16,907
Federal Home Loan Bank Board	1,043	8,934	1,264	9,165	1,639	9,491	1,790	10,365
Railroad Retirement Board	524	787	465	7	491	2,140	509	3,247
All other independent agencies	3,118	1,992	3,072	2,060	3,089	1,989	3,016	2,035
Allowances ³							16	
Total	484,391	360,706	516,285	384,793	551,419	399,168	591,031	434,863
MEMORANDUM								
Federal funds	425,428	189,715	454,963	193,361	484,899	186,936	520,199	180,889
Trust funds	58,963	170,990	61,322	191,432	66,520	212,232	70,832	253,974
Total	484,391	360,706	516,285	384,793	551,419	399,168	591,031	434,863

¹ Includes balances of allowances for civilian and military pay raises for Department of Defense.² Includes obligated balances of \$69 million and unobligated balances of \$9,583 million in 1985 due to the establishment of the military retirement trust fund.³ Includes balances of allowances for civilian agency pay raises.

Table 12. FULL-TIME EQUIVALENT OF TOTAL FEDERAL CIVILIAN EMPLOYMENT IN THE EXECUTIVE BRANCH ¹

(Excluding the Postal Service)

	Fiscal year				
	1982 revised Budget estimate ²	1983 actual ³	1984 estimate	1985 estimate	1986 estimate
Agriculture	121,000	109,773	108,900	107,400	107,400
Commerce	36,300	32,715	33,505	32,507	33,095
Defense—civil functions	32,100	30,973	29,088	29,034	29,034
Education	6,600	5,360	5,189	4,979	4,749
Energy	18,700	16,984	16,757	16,042	15,711
Health and Human Services	154,000	141,715	137,321	130,445	127,184
Housing and Urban Development	15,700	13,779	12,878	12,442	12,073
Interior	81,700	73,451	73,232	72,826	72,826
Justice	54,400	55,686	58,748	60,473	61,488
Labor	21,600	18,968	19,246	18,634	18,697
State	22,900	23,786	24,759	25,442	25,744
Transportation	68,100	61,752	62,000	61,369	60,468
Treasury	124,300	118,507	125,526	122,522	122,400
Environmental Protection Agency	12,900	10,883	11,598	12,298	12,298
National Aeronautics and Space Administration	22,700	22,246	22,000	22,000	22,000
Veterans Administration	209,600	216,848	219,347	221,555	222,677
Other:					
Agency for International Development	5,600	5,169	5,201	5,108	4,983
General Services Administration	32,800	28,391	29,128	28,812	28,209
Nuclear Regulatory Commission	3,400	3,403	3,416	3,491	3,491
Office of Personnel Management	6,600	5,601	5,837	5,822	5,822
Panama Canal Commission	9,100	8,636	8,578	8,490	8,525
Small Business Administration	4,700	4,231	4,200	4,100	3,900
Tennessee Valley Authority	44,700	35,646	35,500	36,000	36,000
United States Information Agency	7,600	7,906	8,356	8,810	8,897
Miscellaneous	45,000	39,625	39,853	39,578	39,199
Contingencies	1,000				
Estimated nondefense lapse			— 13,752	— 8,176	— 5,434
Subtotal	1,163,100	1,092,034	1,086,411	1,082,003	1,081,436
Defense—military functions ⁴	937,700	984,806	995,499	1,002,823	1,003,000
Total	2,100,800	2,076,840	2,081,910	2,084,826	2,084,436

¹ Excludes developmental positions under the Worker-Trainee Opportunity Program (WTOP) as well as certain statutory exemptions.² As contained in the revised 1982 Budget, transmitted to the Congress in March 1981.³ Data are estimated for portions of Defense-civil functions as well as for the Federal Reserve System, Board of Governors and the International Trade Commission.⁴ Section 904 of the 1982 Defense Authorization Act (Public Law 97-86) exempts the Department of Defense from full-time equivalent employment controls. Data shown are estimated.

Table 13. BUDGET FINANCING AND DEBT

(In millions of dollars)

BUDGET FINANCING			
	1983 actual	1984 estimate	1985 estimate
Budget surplus or deficit (—)	—195,407	—183,689	—180,365
Deficit (—), off-budget Federal entities	—12,357	—16,196	—14,814
Total deficit (—)	—207,764	—199,884	—195,179
Means of financing other than borrowing from the public:			
Decrease or increase (—) in cash and other monetary assets	—9,701	17,116	
Increase or decrease (—) in liabilities for:			
Checks outstanding, etc. ¹	2,511	—1,039	1,456
Deposit fund balances	2,133	293	143
Seigniorage on coins	477	514	580
Total, means of financing other than borrowing from the public	—4,580	16,884	2,179
Total requirements for borrowing from the public	—212,344	—183,000	—193,000
Change in debt held by the public	212,344	183,000	193,000
Nonbank investors	132,814		
Commercial banks	58,500		
Federal Reserve System	21,030		

DEBT, END OF YEAR				
	1982 actual			
Gross Federal debt:				
Debt issued by Treasury	1,142,035	1,377,211	1,587,106	1,824,041
Debt issued by other agencies	4,952	4,675	4,467	4,347
Total gross Federal debt	1,146,987	1,381,886	1,591,573	1,828,388
Held by:				
Government agencies	217,560	240,116	266,803	310,618
The public	929,427	1,141,770	1,324,770	1,517,770
Federal Reserve System	134,497	155,527		
Others	794,929	986,243		

DEBT SUBJECT TO STATUTORY LIMITATION, END OF YEAR				
Debt issued by Treasury	1,142,035	1,377,211	1,587,106	1,824,041
Treasury debt not subject to limitation	—606	—605	—604	—604
Agency debt subject to limitation	1,485	1,347	1,276	1,237
Total debt subject to statutory limitation ²	1,142,913	1,377,953	1,587,778	1,824,674

¹ Includes military payment certificates, accrued interest (less unamortized discount) on Treasury debt, and as an offsetting change in assets, certain collections in transit.

² The statutory debt limit is permanently established at \$1,490 billion (Public Law 98-161). Legislation is required to change the limit.

Table 15. OFFSETTING RECEIPTS BY TYPE

(In millions of dollars)

Type	1983 actual	1984 estimate	1985 estimate
INTRAGOVERNMENTAL TRANSACTIONS			
Intrabudgetary transactions:			
Federal intrafund transactions:			
Interest on Government capital in enterprises.....	7,027	5,345	5,925
Other.....	162	26	28
Total Federal intrafunds.....	7,189	5,371	5,953
Trust intrafund transactions:			
Railroad retirement/social security ¹	2,279	2,340	2,305
Other.....	1,507	1,969	1,986
Total trust intrafunds.....	3,785	4,309	4,291
Total intrafund transactions.....	10,974	9,679	10,243
Interfund transactions:			
Distributed by agency:			
Federal fund payments to trust funds:			
Contributions to insurance programs:			
Old-age, survivors, and disability insurance.....	21,130	4,481	3,711
Military retirement fund.....			8,949
Supplementary medical insurance.....	14,238	16,811	18,217
Hospital insurance.....	4,541	1,010	1,336
Railroad social security equivalent benefits.....			1,906
Railroad industry pension.....		2,551	984
Civilian supplementary retirement contributions.....	15,659	15,990	16,240
Unemployment insurance.....	11,933	4,104	1,645
Other.....	1,524	949	446
Miscellaneous contributions:			
State and local government fiscal assistance.....	4,567	4,567	4,567
Other.....	198	191	207
Subtotal.....	73,791	50,655	58,208
Trust fund payments to Federal funds:			
Repayment of loans or advances to trust funds.....	1,713	3,425	5,087
Charges for services to trust funds.....	155	133	135
Other.....	350	1,084	1,252
Subtotal.....	2,218	4,642	6,474
Total interfunds distributed by agency.....	76,008	55,296	64,682
Undistributed by agency:			
Employer share, employee retirement:			
Civil service retirement and disability insurance.....	3,380	3,455	4,083
Old-age, survivors, disability, and hospital insurance (contribution as employer) ²	2,709	3,261	3,752
Military retirement fund.....			17,426
Other Federal employees retirement.....	38	41	48
Total employer share, employee retirement.....	6,128	6,757	25,309

Table 15. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1983 actual	1984 estimate	1985 estimate
INTRAGOVERNMENTAL TRANSACTIONS—Continued			
Undistributed by agency—Continued			
Interest received by trust funds.....	17,102	19,396	22,587
Total interfund transactions.....	99,238	81,449	112,578
Total intrabudgetary transactions.....	110,212	91,129	122,822
Receipts from off-budget Federal entities:			
Distributed by agency:			
Interest on loans to Government-owned enterprises.....	14,184	15,319	18,346
Surplus income, Federal Financing Bank.....	163	184	207
Other.....	*	*	*
Total distributed by agency.....	14,347	15,503	18,553
Undistributed by agency:			
Employer share, employee retirement.....	1,995	2,087	2,563
Total receipts from off-budget Federal entities.....	16,342	17,590	21,116
Total intragovernmental transactions.....	126,554	108,719	143,938
PROPRIETARY RECEIPTS FROM THE PUBLIC			
Distributed by agency:			
Interest:			
Interest on loans, Foreign Assistance Act.....	362	289	289
Other interest on foreign loans and deferred foreign collections.....	614	602	681
Interest on deposits in tax and loan accounts.....	970	925	700
Other interest (domestic-civil) ^a	546	909	1,091
Total interest.....	2,492	2,725	2,761
Dividends and other earnings.....	194		
Rents:			
Rent and bonuses from land leases, etc.....	94	80	99
Rent of land and other real property.....	-11	30	32
Rent of equipment and other personal property.....	29	33	35
Total rents.....	113	143	166
Royalties.....	870	1,063	1,164
Sale of products:			
Sale of timber and other natural land products.....	485	1,157	1,422
Sale of minerals and mineral products.....	1,209	1,287	1,281
Sale of power and other utilities.....	514	692	548
Sale of other products.....	7	*	*
Recovery of mint manufacturing expense.....	137	346	154
Total sale of products.....	2,352	3,482	3,404

Table 15. OFFSETTING RECEIPTS BY TYPE—Continued

(In millions of dollars)

Type	1983 actual	1984 estimate	1985 estimate
PROPRIETARY RECEIPTS FROM THE PUBLIC—Continued			
Fees and other charges for services and special benefits:			
Medicare premiums and other charges (trust fund).....	4,253	4,960	6,015
Revenues for enrichment of uranium	1,697	2,105	.....
Nuclear waste disposal revenues.....	65	311	378
Veterans life insurance (trust funds)	447	434	432
Tolls and other revenues, Panama Canal.....	398	414	444
Other ^a	934	990	1,175
Total fees and other charges.....	7,794	9,213	8,444
Sale of Government property:			
Sale of land and other real property ^a	33	208	222
Sale of equipment and other personal property:			
Sale from the stockpile of strategic and critical materials	— 196	.....	.....
Military assistance program sales (trust fund)	13,180	13,300	12,900
Sale of scrap and salvage material	75	78	82
Total sale of property	13,092	13,586	13,204
Realization upon loans and investments:			
Dollar repayments of loans, Agency for International Development	385	339	342
Foreign military credit sales	137	126	117
Dollar conversion of foreign currency	131	131	131
Repayment of loans to United Kingdom	82	84	88
Other	620	138	188
Total realization upon loans and investments	1,355	817	866
Recoveries and refunds ^a	94	291	496
Miscellaneous receipt accounts ^a	1,083	864	904
Total proprietary receipts from the public distributed by agency	29,438	32,184	31,407
Undistributed by agency:			
Other interest: Interest received from Outer Continental Shelf escrow account .....	.....	.....	419
Rents and royalties on the Outer Continental Shelf:			
Rents and bonuses	7,544	5,200	4,100
Royalties	2,948	3,500	3,300
Total proprietary receipts from the public undistributed by agency	10,491	8,700	7,819
Total proprietary receipts from the public ^a	39,930	40,884	39,226
Total offsetting receipts	166,484	149,603	183,164

^a\$500 thousand or less.¹ Interchange receipts between the social security and railroad retirement funds place the social security funds in the same position they would have been if there were no separate railroad retirement system.² Includes provision for covered Federal civilian employees and military personnel.³ Includes both Federal funds and trust funds.⁴ Consists of:

	1983 actual	1984 estimate	1985 estimate
Federal funds	21,167	21,229	18,866
Trust funds	18,762	19,656	20,360

Table 16. OUTLAYS BY FUNCTION AND AGENCY

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
050 NATIONAL DEFENSE			
051 Department of Defense—Military:			
Military personnel.....	45,523	48,040	67,324
Retired military personnel.....	15,945	16,505	20
Operation and maintenance.....	64,915	68,539	76,854
Procurement.....	53,624	64,450	77,576
Research, development, test, and evaluation.....	20,554	25,157	30,458
Military construction.....	3,524	4,072	4,908
Other ¹	1,316	4,764	4,760
Allowances.....			3,198
Deductions for offsetting receipts.....	— 389	— 526	— 698
Total 051.....	205,012	231,000	264,400
053 Atomic energy defense activities:			
Department of Energy.....	5,171	6,002	7,133
054 Defense-related activities:			
Department of Defense—Civil.....			8,949
General Services Administration.....	— 217	144	19
Other independent agencies:			
Central Intelligence Agency.....	91	86	99
Federal Emergency Management Agency.....	195	275	339
Intelligence Community Staff.....	14	16	22
Selective Service System.....	21	25	28
Deductions for offsetting receipts.....	196		— 8,949
Total 054.....	301	546	507
Total national defense.....	210,484	237,548	272,040

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Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
600 INCOME SECURITY			
602 Federal employee retirement and disability:			
Legislative branch (trust funds).....	*	*	*
The Judiciary (trust funds).....	4	4	4
Department of Defense—Civil (trust funds).....			17,326
Department of Labor.....	180	216	191
Department of State (trust funds).....	199	209	212
Office of Personnel Management (trust funds).....	20,216	21,174	22,321
Deductions for offsetting receipts.....	— 35	— 35	— 36
Total 602.....	20,563	21,569	40,017

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
700 VETERANS BENEFITS AND SERVICES			
705 Other veterans benefits and services:			
Department of Defense—Civil ¹	33	43	45
Department of the Treasury (trust funds)		*	*
Veterans Administration ¹	657	738	767
Other independent agencies: American Battle Monuments Commis- sion ¹	10	10	11
Deductions for offsetting receipts	-4	-5	-5
Total 705	696	787	817

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
850 GENERAL PURPOSE FISCAL ASSISTANCE			
852 Other general purpose fiscal assistance:			
Department of Agriculture	144	204	284
Department of Defense—Civil	6	6	6
Department of Energy	1	*	1
Department of the Interior	748	948	845
Department of the Treasury	392	442	478
Other independent agencies: District of Columbia	722	601	503
Deductions for offsetting receipts	-179	-34	-34
Total 852	1,834	2,167	2,084

Table 16. OUTLAYS BY FUNCTION AND AGENCY—Continued

(In millions of dollars)

Function and department or other unit	1983 actual	1984 estimate	1985 estimate
ADDENDUM			
Outlays of off-budget Federal entities: ³			
050 NATIONAL DEFENSE			
051 Department of Defense—Military:			
Federal Financing Bank (Department of Defense—Military)	1	3	5

* \$500 thousand or less.

¹ Includes both Federal and trust funds.² Includes allowance for military pay raises for the Coast Guard.³ Negative amounts indicate that the offsetting collections credited to the respective subfunctions exceed the gross disbursements.⁴ Off-budget Federal entity (Rural Electrification and Telephone Revolving Fund).⁵ Miscellaneous outlays not attributed to any single program.

Table 17.—LEGISLATIVE PROPOSALS FOR MAJOR NEW AND EXPANDED PROGRAMS IN THE 1985 BUDGET, PROJECTIONS OF COSTS*
(In millions of dollars)

		Estimates						Explanation
		1984	1985	1986	1987	1988	1989	
Funds Appropriated to the President:								
Agency for International Development:								
Economic policy initiative for Africa.....	BA.....		75	100	100	100	125	This proposal would provide funds to support growth-oriented policy reforms in African countries. These funds would be in addition to funds available for Africa in AID's Functional Development Assistance program and Sahel Development program accounts.
	0.....		23	68	95	100	108	
International securities assistance:								
Assistance to Central America.....	BA.....	500	750	750	750	750	750	This proposal would provide multi-purpose military and economic assistance to Central American countries beset by numerous problems.
	0.....	300	800	675	750	750	750	
Defense:								
Incentive pay for nuclear-trained officers.....	BA.....		71	48	24			This proposal would authorize the Navy to change the contracted length of service and to resume lump sum payments instead of installment payments to officers who enter and remain in jobs requiring training and skills in nuclear propulsion.
	0.....		71	48	24			
Reenlistment bonuses.....	BA.....		125	94	62	31		This proposal would authorize the Army to resume lump sum bonus payments instead of installment payments to soldiers who reenlist.
	0.....		125	94	62	31		
Education:								
Science and math education.....	BA.....	50	50	50	50	50	50	This proposal would provide funds to States to train science and mathematics teachers.
	0.....	6	40	50	50	50	50	
Interior:								
Wetlands acquisition:								
Federal.....	BA.....		20	20	20	20	20	This proposal would provide funds for Federal acquisition of lands or waters for conservation of wetlands.
	0.....		10	15	20	20	20	
State (grants).....	BA.....		8	8	8	8	8	This proposal would provide funds to States for wetlands conservation.
	0.....		1	3	4	8	8	
Justice:								
Criminal justice assistance.....	BA.....	67	67	67	67	67	67	This proposal provides training, technical assistance and financial aid to State and local criminal justice agencies.
	0.....	18	58	67	67	67	67	

[illegible]

*This table is supplied to meet the requirements of section 221(a) of the Legislative Reorganization Act of 1970 (Public Law 91-510). The economic assumptions used to prepare these estimates are shown in Part 2. "Economic Assumptions and the Budget." These estimates do not reflect the effects of experience gained in operating the programs or reductions in the costs of other programs that might come about if the proposals were adopted. Since the assumptions upon which these estimates are based may change, they do not represent a commitment to specific funding levels in future years.

Table 20. CONTROLLABILITY OF BUDGET OUTLAYS, 1975-85

(Dollars in billions)

	Actual										Estimate	
	1975	1976	TQ	1977	1978	1979	1980	1981	1982	1983	1984	1985
Relatively uncontrollable under present law:												
Open-ended programs and fixed costs:												
Payments for individuals: ¹	67.3	74.9	20.4	86.3	94.8	105.4	120.3	141.5	157.4	171.8	180.2	193.6
Social security and railroad retirement.....	18.4	21.2	5.7	24.0	26.7	29.9	34.7	40.5	44.4	47.3	49.4	51.7
Federal employees' retirement and insurance.....	12.8	18.6	3.8	14.3	10.8	9.8	16.9	18.2	22.2	29.7	19.1	18.5
Unemployment assistance.....	20.6	25.1	6.8	30.1	34.3	39.9	47.2	57.2	65.6	73.5	83.8	97.0
Medical care.....	4.7	5.7	.8	3.8	3.9	3.7	3.9	4.7	5.1	4.4	4.6	4.2
Assistance to students.....	1.6	1.9	.4	2.8	2.7	3.0	3.5	3.5	3.0	3.3	3.6	3.7
Food and nutrition assistance.....	12.2	14.1	3.6	15.1	16.0	15.8	17.9	20.0	19.9	20.9	20.2	21.3
Public assistance and related programs.....												
All other relatively uncontrollable payments for individuals.....	2.0	1.9	.5	2.0	2.0	2.7	3.0	3.0	2.9	2.9	3.0	3.0
Subtotal, payments for individuals.....	139.5	163.3	41.9	178.4	191.2	210.1	247.3	288.6	320.6	353.8	363.8	393.0
Net interest.....	23.2	26.7	6.9	29.9	35.4	42.6	52.5	68.7	85.0	89.8	108.2	116.1
General revenue sharing.....	6.1	6.2	1.6	6.8	6.8	6.8	6.8	5.1	4.6	4.6	4.6	4.6
Farm price supports (OCC).....	.6	.6	.7	3.5	5.5	3.7	2.9	4.1	11.6	18.9	6.7	10.9
Other open-ended programs and fixed costs.....	2.5	3.1	.8	1.9	3.3	1.3	6.4	3.9	-1.1	-2.2	-4.2	-7.4
Total, open-ended programs and fixed costs.....	171.9	199.9	51.9	220.5	242.3	264.7	316.0	370.4	420.6	464.8	479.0	517.3
(National defense).....	(6.3)	(7.4)	(2.0)	(8.2)	(9.2)	(10.4)	(12.1)	(13.9)	(15.1)	(16.0)	(16.8)	(17.7)
(Civilian programs).....	(165.6)	(192.6)	(50.0)	(212.4)	(233.1)	(254.3)	(303.9)	(356.6)	(405.5)	(448.8)	(462.2)	(499.6)
Outlays from prior-year contracts and obligations: ²												
National defense.....	22.3	17.9	7.7	18.5	28.2	30.9	36.5	41.4	56.9	68.3	83.1	97.4
Civilian programs.....	31.0	35.8	13.4	40.3	48.7	54.4	66.7	67.2	64.5	60.4	70.5	73.7
Total, outlays from prior-year contracts and obligations.....	53.3	53.7	21.1	58.8	76.9	85.3	103.2	108.6	121.5	128.7	153.6	171.2
Total, relatively uncontrollable outlays.....	225.2	253.6	73.0	279.3	319.2	350.0	419.2	479.0	542.1	593.6	632.6	688.4

[illegible]

: Administrative expenses of relatively uncontrollable payments for individuals that are controlled through appropriation limitations have been reclassified as relatively controllable outlays.

¹ Administrative expenses of relatively uncontrollable payments for individuals that are controlled through appropriate contracting arrangements.

* Excluding prior year contracts and obligations for activities shown as "open-ended programs and fixed costs."

	National defense		Civilian programs		Total	
	1984	1985	1984	1985	1984	1985
Change in outlays	-0.2	0.2	-0.4	-3.4	-0.6	-3.4
Change in receipts	0.0	0.0	0.0	2.9	0.0	3.1

For open-ended programs and fixed costs...
for other relatively controllable programs...

⁴ Includes —\$0.7 billion in 1985 from proposed legislation.

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹
(In millions of dollars)

Function	Actual										Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
050 National defense:												
051 Department of Defense—Military:												
Military personnel:												
Including accruals ²	(32,162)	(32,546)	(33,672)	(35,553)	(37,345)	(40,897)	(47,941)	(55,170)	(60,885)	(64,543)	67,324	
Excluding accruals	24,968	25,064	25,715	27,075	28,407	30,842	36,409	42,341	45,523	48,040		
Retired military personnel: ³												
Consistent with accrual presentation	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)	(.....)		
Cash payments	6,242	7,296	8,216	9,171	10,279	11,920	13,729	14,938	15,945	16,505	20	
Operation and maintenance	26,297	27,837	30,587	33,578	36,424	44,770	51,864	59,674	64,915	68,539	76,854	
Procurement	16,042	15,964	18,178	19,976	25,404	29,021	35,191	43,271	53,624	64,450	77,576	
Research and development	8,866	8,923	9,795	10,508	11,152	13,127	15,278	17,729	20,554	25,157	30,458	
Military construction	1,462	2,019	1,914	1,932	2,080	2,450	2,458	2,922	3,524	4,072	4,908	
Family housing	1,124	1,192	1,358	1,405	1,468	1,680	1,721	1,993	2,126	2,578	2,865	
Other	-100	-402	-206	-602	-201	-969	-614	-18	-1,199	1,660	1,364	
Allowances for pay raises ⁴											3,031	
Subtotal, 051:	(85,852)	(88,078)	(95,298)	(102,348)	(113,672)	(130,976)	(153,838)	(180,741)	(204,429)	(230,998)	264,400	
Including accruals ²	84,900	87,891	95,557	103,042	115,013	132,840	156,035	182,850	205,012	231,000		
053 Atomic energy defense activities	1,506	1,565	1,936	2,070	2,541	2,878	3,398	4,309	5,171	6,002	7,133	
054 Defense-related activities	-850	-23	7	76	129	142	277	258	301	546	507	
Total national defense:												
Including accruals	(86,509)	(89,619)	(97,241)	(104,495)	(116,342)	(133,995)	(157,513)	(185,308)	(209,901)	(237,546)	272,040	
Excluding accruals	85,556	89,433	97,500	105,189	117,683	135,860	159,710	187,417	210,484	237,548		

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued
(In millions of dollars)

Function	Actual										Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
570 Social security and medicare:												
571 Social security.....	64,658	73,903	85,068	93,861	104,073	118,559	139,584	155,964	170,724	179,161	190,639	
572 Medicare.....	12,874	15,834	19,345	22,768	26,495	32,089	39,149	46,567	52,588	61,064	69,683	
Total social security and medicare.....	77,532	89,736	104,414	116,629	130,567	150,648	178,733	202,531	223,311	240,225	260,321	
600 Income security:												
601 General retirement and disability insurance.....	4,689	3,248	3,558	3,365	4,373	5,072	5,439	5,571	5,581	5,496	5,670	
602 Federal employee retirement and disability:												
Including military retirees ^s	(13,222)	(15,469)	(17,719)	(19,836)	(22,658)	(26,594)	(31,277)	(34,325)	(36,508)	(38,074)	40,017	
Excluding military retirees.....	6,980	8,174	9,503	10,665	12,379	14,675	17,548	19,388	20,563	21,569	20,069	
603 Unemployment compensation.....	13,459	19,452	15,258	11,764	10,741	18,023	19,656	23,728	31,464	20,727	10,908	
604 Housing assistance.....	2,058	2,499	2,968	3,677	4,367	5,514	6,942	8,043	9,556	10,041	17,090	
605 Food and nutrition assistance.....	6,643	7,959	8,527	8,926	10,787	14,016	16,205	15,581	17,952	17,622	17,090	
609 Other income security.....	10,088	12,157	13,017	13,917	13,433	17,191	19,723	19,774	21,096	20,503	20,605	
Total income security:												
Including military retirees ^s	(50,160)	(60,784)	(61,047)	(61,485)	(66,359)	(86,411)	(99,243)	(107,022)	(122,156)	(112,462)	114,360	
Excluding military retirees.....	43,918	53,488	52,830	52,314	56,080	74,491	85,514	92,084	106,211	95,957	.....

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued
(in millions of dollars)

Function	Actual										Estimate	
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
OUTLAYS OF OFF-BUDGET FEDERAL ENTITIES ^a												
050 National defense:												
051 Department of Defense—military									1	3	5	
Total national defense									1	3	5	
150 International affairs:												
151 Foreign economic and financial assistance	5		39	-4	-4	-4	-5	-5	-5	-6	-5	
152 International security assistance	112	787	1,409	1,462	1,293	1,932	1,945	2,288	2,858	3,631	1,964	
Total international affairs	117	787	1,448	1,458	1,289	1,928	1,940	2,283	2,852	3,625	1,958	
250 General science, space, and technology:												
255 Supporting space activities			57	180	184	107	111	120	189	131		
Total general science, space, and technology			57	180	184	107	111	120	189	131		
270 Energy:												
271 Energy supply	731	1,072	1,616	2,155	2,317	3,843	4,889	5,162	3,714	4,569	4,003	
272 Energy conservation						1	1	-2				
274 Emergency energy preparedness								3,687	1,641	2,157	1,668	

Table 22. BUDGET OUTLAYS BY FUNCTION, 1975-85 ¹—Continued
(In millions of dollars)

¹ \$500 thousand or less.

² Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Entries in parentheses show amounts for previous years on a comparable basis.

³ Includes imputed charges for accruals for military retirement contributions for years prior to 1985.

⁴ Cash payments to retired military personnel are reflected in subfunction 602 in 1985. Entries shown that are consistent with accrual presentation also reflect this change for previous years.

⁵ Includes allowances for civilian and military pay raises for the Department of Defense.

⁶ Includes cash payments to retired military personnel.

⁷ Includes allowance for military pay raises for the Coast Guard.

⁸ Includes offsetting receipts equal to the imputed charges for accruals for military retirement contributions reflected in subfunction 051.

⁹ Off-budget Federal entities begin in 1973. Negative amounts indicate that the offsetting collections credited to the respective subfunctions exceed the gross disbursements.

Note.—Excludes the transition quarter.

Table 23. FEDERAL TRANSACTIONS IN THE NATIONAL INCOME ACCOUNTS, 1974-85
(in billions of dollars)

Description	Actual										Estimate	
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
RECEIPTS, NATIONAL INCOME BASIS												
Personal tax and nontax receipts.....	122.7	127.5	137.2	166.4	186.5	222.6	250.4	289.3	310.4	295.3	302.1	340.8
Corporate profits tax accruals.....	43.4	41.8	52.5	58.9	67.3	76.1	69.9	70.5	51.3	54.3	74.8	93.5
Indirect business tax and nontax accruals.....	21.4	22.2	24.3	24.5	27.2	29.1	35.5	53.6	50.3	50.7	56.6	55.4
Contributions for social insurance.....	84.2	91.9	101.0	116.2	133.3	153.1	170.0	196.9	215.7	230.4	257.8	289.5
Total receipts, national income basis.....	271.6	283.4	314.9	365.9	414.3	480.8	525.9	610.3	627.8	630.7	691.3	779.2
EXPENDITURES, NATIONAL INCOME BASIS												
Purchases of goods and services.....	104.5	117.9	125.1	139.8	150.4	164.1	189.3	218.5	251.0	274.7	292.6	340.0
Defense.....	(73.6)	(80.2)	(84.4)	(91.4)	(97.8)	(108.2)	(126.0)	(147.1)	(173.3)	(196.5)	(224.0)	(257.1)
Nondefense.....	(30.9)	(37.7)	(40.7)	(48.4)	(52.6)	(55.9)	(63.3)	(71.4)	(77.7)	(78.2)	(88.6)	(82.9)
Transfer payments.....	104.8	134.5	156.8	169.8	182.2	201.8	239.4	279.3	310.2	344.7	354.4	376.3
Domestic ("to persons").....	(101.8)	(131.4)	(153.8)	(166.6)	(178.7)	(197.8)	(234.6)	(273.5)	(304.1)	(338.5)	(347.0)	(367.8)
Foreign.....	(3.0)	(3.1)	(3.0)	(3.2)	(3.5)	(4.1)	(4.8)	(5.8)	(6.1)	(6.2)	(7.4)	(8.5)
Grants-in-aid to State and local governments.....	41.6	48.4	57.5	66.3	74.7	79.1	86.7	90.1	83.4	85.7	91.8	95.6
Net interest paid.....	19.6	21.7	25.2	28.4	33.5	40.6	50.7	67.7	82.2	90.6	108.6	117.1
Subsidies less current surplus of Government enterprises.....	7.6	6.0	6.2	6.9	9.7	9.9	10.4	12.5	13.2	20.3	28.1	18.8
Wage disbursements less accruals.....	.2	.4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total expenditures, national income basis.....	278.2	328.8	370.7	411.2	450.4	495.6	576.5	668.1	740.0	816.4	875.5	947.8
Excess of receipts (+) or expenditures (-), national income basis.....	-6.6	-45.4	-55.8	-45.3	-36.1	-14.8	-50.7	-57.8	-112.2	-185.7	-184.2	-168.6

*\$50 million or less. Note.—Excludes the transition quarter.

Table 24. FEDERAL FINANCES AND THE GROSS NATIONAL PRODUCT, 1966-87

(Dollar amounts in billions)

Fiscal year	Gross national product	Budget receipts		Outlays				Surplus or deficit (—)				Federal debt, end of year					
		Amount	Percent of GNP	Budget		Off-budget Federal entities		Total		Budget		Total (including off-budget) ¹		Amount	Percent of GNP	Held by the public	
				Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP	Amount	Percent of GNP						
1966.....	724.1	130.9	18.1	134.7	18.6	.....	.....	134.7	18.6	—3.8	.5	—3.8	.5	329.5	45.5	264.7	36.5
1967.....	777.3	148.9	19.2	157.6	20.3	.....	.....	157.6	20.3	—8.7	1.1	—8.7	1.1	341.3	43.9	267.5	34.5
1968.....	831.3	153.0	18.4	178.1	21.4	.....	.....	178.1	21.4	—25.2	3.0	—25.2	3.0	369.8	44.5	290.6	34.8
1969.....	910.6	186.9	20.5	183.6	20.2	.....	.....	183.6	20.2	3.2	.4	3.2	.4	367.1	40.3	279.5	30.7
1970.....	968.8	192.8	19.9	195.7	20.2	.....	.....	195.7	20.2	—2.8	.3	—2.8	.3	382.6	39.5	284.9	29.4
1971.....	1,031.5	187.1	18.1	210.2	20.4	.....	.....	210.2	20.4	—23.0	2.2	—23.0	2.2	409.5	39.7	304.3	29.5
1972.....	1,128.8	207.3	18.4	230.7	20.4	.....	.....	230.7	20.4	—23.4	2.1	—23.4	2.1	437.3	38.7	323.8	28.7
1973.....	1,252.0	230.8	18.4	245.6	19.6	.....	.....	245.7	19.6	—14.8	1.2	—14.9	1.2	468.4	37.4	343.0	27.4
1974.....	1,379.4	263.2	19.1	267.9	19.4	.....	.....	269.4	19.5	—4.7	.3	—6.1	.4	486.2	35.3	346.1	25.1
1975.....	1,479.9	279.1	18.9	324.2	21.9	.....	.....	332.3	22.5	—45.2	3.1	—53.2	3.6	544.1	36.8	396.9	26.8
1976.....	1,640.1	298.1	18.2	364.5	22.2	.....	.....	371.8	22.7	—66.4	4.0	—73.7	4.5	631.9	38.5	480.3	29.3
1977.....	1,862.8	355.6	19.1	400.5	21.5	.....	.....	409.2	22.0	—44.9	2.4	—53.6	2.9	709.1	38.1	551.8	29.6
1978.....	2,091.3	399.6	19.1	448.4	21.4	.....	.....	458.7	21.9	—48.8	2.3	—59.2	2.8	780.4	37.3	610.9	29.2
1979.....	2,357.7	463.3	19.7	491.0	20.8	.....	.....	503.5	21.4	—27.7	1.2	—40.2	1.7	833.8	35.4	644.6	27.3
1980.....	2,575.8	517.1	20.1	576.7	22.4	.....	.....	590.9	22.9	—59.6	2.3	—73.8	2.9	914.3	35.5	715.1	27.8
1981.....	2,882.0	599.3	20.8	657.2	22.8	.....	.....	678.2	23.5	—57.9	2.0	—78.9	2.7	1,003.9	34.8	794.4	27.6
1982.....	3,057.3	617.8	20.2	728.4	23.8	.....	.....	745.7	24.4	—110.7	3.6	—127.9	4.2	1,147.0	37.5	929.4	30.4
1983.....	3,228.8	600.6	18.6	796.0	24.7	.....	.....	808.3	25.0	—195.4	6.1	—207.8	6.4	1,381.9	42.8	1,141.8	35.4
1984 estimate.....	3,558.7	670.1	18.8	853.8	24.0	.....	.....	870.0	24.4	—183.7	5.2	—199.9	5.6	1,591.6	44.7	1,324.8	37.2
1985 estimate.....	3,890.1	745.1	19.2	925.5	23.8	.....	.....	940.3	24.2	—180.4	4.6	—195.2	5.0	1,828.4	47.0	1,517.8	39.0
1986 estimate.....	4,231.3	814.9	19.3	992.1	23.4	.....	.....	1,000.9	23.7	—177.1	4.2	—185.9	4.4	2,067.0	48.9	1,702.9	40.2
1987 estimate.....	4,589.3	887.8	19.3	1,068.3	23.3	.....	.....	1,075.5	23.4	—180.5	3.9	—187.7	4.1	2,318.4	50.5	1,889.8	41.2

*0.05% or less.

† The off-budget deficits are equal to the off-budget outlays but with the opposite sign.

Table 25. COMPOSITION OF BUDGET OUTLAYS IN CURRENT AND CONSTANT (FISCAL YEAR 1972) PRICES: 1965-87

(in billions of dollars)

Fiscal year	Current prices						Constant (fiscal year 1972) prices					
	Total budget outlays	National defense	Total non-defense	Payments for individuals	Net interest	Other	Total budget outlays	National defense	Total non-defense	Payments for individuals	Net interest	Other
1965	118.4	50.6	67.8	33.7	8.6	31.4	166.9	74.1	92.9	43.4	11.5	47.1
1966	134.7	58.1	76.5	37.8	9.4	35.8	183.0	81.3	101.7	47.6	12.2	51.4
1967	157.6	71.4	86.2	44.9	10.3	38.3	207.5	96.8	110.7	55.0	12.9	53.0
1968	178.1	81.9	96.2	50.8	11.1	42.3	224.6	105.7	118.8	60.3	13.5	55.8
1969	183.6	82.5	101.1	57.8	12.7	38.6	220.2	101.6	118.6	65.7	14.7	48.3
1970	195.7	81.7	114.0	66.1	14.4	42.1	220.2	94.9	125.2	71.8	15.8	48.8
1971	210.2	78.9	131.3	82.1	14.8	44.4	222.6	84.9	137.7	85.4	15.5	47.8
1972	230.7	79.2	151.5	94.8	15.5	50.8	230.7	79.2	151.5	94.8	15.5	50.8
1973	245.6	76.7	169.0	106.6	17.3	58.4	233.3	71.8	161.4	102.4	16.6	54.9
1974	267.9	79.3	188.6	122.8	21.4	61.1	236.7	69.6	167.2	109.1	19.1	53.8
1975	324.2	86.5	237.7	156.8	23.2	71.3	260.1	69.2	190.9	127.0	18.9	55.7
1976	364.5	89.6	274.9	184.1	26.7	78.4	274.2	67.0	207.3	140.6	20.3	57.0
1977	400.5	97.2	303.3	200.8	29.9	87.5	280.7	67.3	213.4	143.5	21.2	58.6
1978	448.4	104.5	343.9	215.8	35.4	108.4	293.8	67.2	226.6	145.0	23.6	68.0
1979	491.0	116.3	374.7	237.9	42.6	111.6	297.1	69.5	227.6	147.2	26.1	64.8
1980	576.7	134.0	442.7	283.1	52.5	127.0	316.6	71.3	245.3	159.2	29.6	67.6
1981	657.2	157.5	499.7	330.4	58.7	128.6	327.6	74.6	253.0	170.3	35.3	60.9
1982	728.4	185.3	543.1	363.7	85.0	120.4	339.1	80.0	259.0	176.2	40.7	54.1
1983	796.0	209.9	586.1	402.5	89.8	127.8	354.5	85.9	268.6	186.9	41.2	55.4
1984 estimate	853.8	237.5	616.2	413.2	108.2	128.8	364.4	93.9	270.4	183.9	47.7	53.3
1985 estimate	925.5	272.0	653.5	440.6	116.1	132.0	376.3	102.8	273.5	186.9	48.8	52.0
1986 estimate	992.1	310.6	681.5	469.2	124.2	130.9	384.1	111.2	272.9	190.3	49.9	49.2
1987 estimate	1,068.3	348.6	719.7	500.7	130.9	134.0	395.3	118.9	276.4	194.7	50.4	48.2

Note: Beginning in 1985, the budget reflects establishment of a military retirement trust fund. Amounts for previous years are shown on a comparable basis.

PART I

DETAILED BUDGET ESTIMATES

Pages I-2 through I-5, I-G1 through I-G74, I-H1, and I-H9 through I-H13 have been extracted and reprinted in that order within.

The entire part may be referred to on pages I-1 through V-13 of "The Budget of the United States Government" (Appendix).

EXPLANATION OF ESTIMATES

Part I contains various tables and certain schedules in support of the budget, including explanatory statements of the work to be performed and the money needed, as well as the text of the language proposed for enactment by Congress on each item for which congressional action in an appropriation bill is required. It also contains the text of general provisions of appropriations acts, proposed for enactment by the Congress, that apply to entire agencies or groups of agencies.

ARRANGEMENT

The chapters of Part I reflect the branches of Government, and the cabinet departments, selected independent agencies, and activities of the executive branch. Most of the smaller agencies in the executive branch are grouped in one chapter—"Other independent agencies."

Each chapter is organized by major subordinate organizations within the agency (usually bureaus) or by major program area. For each bureau or major program area, *Federal funds*, covering the funds that are not set aside in "trust," precede *trust funds*, covering moneys that are held by the Government in accounts established by law or by trust agreement for specific purposes. Within each fund group, accounts with new budget authority in 1985 generally will precede those without such an entry.

The proposed language for *general provisions* of appropriations acts that are applicable to the agency in that chapter appear in a separate section at the end of the chapter. General provisions that apply to specified groups of agencies are placed in the chapter covering the first agency that appears in the respective appropriations act. The general provisions that are Government-wide in scope (identified "Departments, Agencies, and Corporations"), normally contained in the Treasury, Postal Service, and General Government Appropriations Act, are placed at the end of the Executive Office of the President chapter.

An explanation of the types of funds included in the budget may be found in Part 7 of—*The Budget of the United States Government, 1985*.

FORM OF DETAILED MATERIAL

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1985 appropriation acts is printed following the account title. The language of the 1984 appropriation acts, printed in roman type, is used as a base. Brackets enclose material that is proposed for deletion; italic type indicates proposed new language. At the end of the final language paragraph, and printed in italics within parentheses, are citations to any relevant authorizing legislation and to the appropriation act from which the basic text of the 1985 language is taken. An illustration of proposed appropriation language for 1985 follows:

I-2

OPERATING EXPENSES

For necessary expenses of the Office of Climate Information, [\$29,440,000] \$28,220,000 of which [\$150,000] \$400,000 shall remain available until expended. (34 U.S.C. 218 et seq.; Department of Government Appropriation Act, 1984.)

BASIS FOR SCHEDULES

The 1983 column of this budget generally presents the actual transactions and balances for that year, as recorded in agency accounts.

For 1984, the regular schedules include enacted appropriations and also identify the amounts for supplemental appropriations requested to meet the increased costs of statutory and wage-board pay raises. When the annual appropriation has not been enacted, the regular schedules will include the amounts provided under the authority of a continuing resolution. Requests for supplemental appropriations to meet increased 1984 program costs (where costs other than for statutory pay raises are involved), or to finance proposed program expansions in 1984, are included in Part II. Also included in Part II in addition to proposed appropriation language for both pay and program supplemental requests, are proposed rescissions.

The 1985 column of the regular schedules includes proposed appropriations for all existing programs, including those that require extension or renewal of expiring laws. Amounts for proposed new legislation, if any, are shown generally in separate schedules, following the regular schedules or in budget sequence in the respective bureau. These schedules are headed "Proposed for later transmittal under proposed legislation." Appropriation language is included with the regular schedules, but not with the separate schedules for proposed legislation. In some cases, when the amount requested in the budget is less than the amount required for the program level mandated in existing authorizing legislation (as in the case of entitlement programs), the reduced amount is reflected in the proposed appropriation language and the regular schedules. The proposed change in the authorizing legislation may be included in the appropriation language transmitted with the budget or in proposed legislation, to be transmitted separately.

Obligations refer to orders placed, contracts awarded, loan agreements made, and recurring services (such as rent, utilities, and personal services) received during the year, regardless of the time of payment. They are usually the basis of the schedules and total obligations are always shown.

PROGRAM AND FINANCING SCHEDULE

This schedule consists of three parts.

In the "Program by activities" section, obligations generally are shown for specific activities or projects. The activity structure is developed individually for each appropriation or fund account so as to provide a meaningful presentation of information for the program

being financed. That structure is tailored to the individual account and is not uniform across the Government. Obligations that are financed from collections credited to an account, are shown separately from direct obligations and aggregated in a single line with a stub entry that reads "Reimbursable program." The last entry "total obligations," indicates the amount of budgetary resources that must be available to the appropriation or fund account.

The "Financing" section shows the budgetary resources available or estimated to be available to finance the obligations. The amounts of any offsetting collections authorized to be credited to the account are shown as deductions from total obligations. For unobligated balances of appropriations of a prior year that have not expired, the start-of-year balances are subtracted from total obligations and the end-of-year balances are added. This shows that, on a net basis, unobligated balances are either used to finance total obligations or increased because part of the budget authority provided for that or a previous year will be carried forward and obligated in a future year. Other adjusting entries may be included. The residual is the new budget authority required to finance the program. Where more than one kind of budget authority is provided, that information is shown. In some cases, the availability of budgetary resources may be restrained by the imposition of legally binding limitations on direct loans or other obligation levels.

The "Relation of obligations to outlays" section shows the difference between obligations, which may not be liquidated in the same year in which they are incurred, and outlays. The entry "obligations incurred, net," shows the amount of new obligations incurred in the year, less offsetting collections credited to the account. The amount of obligations that were incurred in previous years but not liquidated, are entered as an obligated balance, start of year. Similarly, an end of year obligated balance is entered. Certain adjusting entries may be included. The residual is the net amount of outlays resulting from the liquidation of obligations incurred in that year and previous years.

The account identification code, found at the head of the program and financing schedule, facilitates computer processing of budgetary information. The last three digits of this code represent the functional category to which the account is classified. Functional classification permits presentation of budget authority and outlays in terms of their purpose, rather than the organization administering the program or the account under which these funds are made available. For example, the 452 at the top of the following schedule indicates that the purpose of the program financed by this appropriation is *Area and regional development*—a subfunction within major function 450, *Community and regional development*. When the outlays from an account are split between two or more subfunctions within a single major function, the code of the major function is used. In those few cases where the outlays from an account are split between two or more functions, a code of 999 is used. A detailed discussion of how Federal programs are addressed to each identified national need is included in Part 5 of the budget. The individual functional categories are identified with each appropriation or

fund account in the Budget Accounts Listing in Part 8 of the budget.

Program and Financing (in thousands of dollars)			
Identification code 17-0643-0-1-452	1983 actual	1984 est.	1985 est.
Program by activities:			
Direct program:			
1. Information services.....	22,866	22,700	21,500
2. Meteorological research.....	4,780	4,900	4,900
3. Longitudinal weather studies.....	2,500	2,490	2,120
4. Construction.....		150	400
Total direct program.....	30,146	30,240	28,920
Reimbursable program.....	250	350	380
10.00 Total obligations.....	30,396	30,590	29,300
Financing:			
11.00 Offsetting collections from Federal funds.....	-250	-350	-380
21.40 Unobligated balance available, start of year.....		-50	
24.40 Unobligated balance available, end of year.....	50		
25.00 Unobligated balance lapsing.....	45		
39.00 Budget authority.....	30,241	30,190	28,920
Budget authority:			
40.00 Appropriation.....	30,241	29,440	28,920
44.20 Supplemental for civilian pay raises.....		750	
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	30,146	30,240	28,920
72.40 Obligated balance, start of year.....	1,364	1,120	1,246
74.40 Obligated balance, end of year.....	-1,120	-1,246	-1,275
90.00 Outlays, excluding pay raise supplemental.....	30,390	29,434	28,821
91.20 Outlays from civilian pay raise supplemental.....		680	70

A schedule entitled "Summary of Budget Authority and Outlays" is shown immediately following the program and financing schedule, for each account that includes separate program and financing schedules for program supplemental requests, requests for later transmittal under proposed or existing legislation, or rescission proposals.

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

Narrative statements present briefly the objectives of the program and the work to be financed primarily for 1985. Measures of expected performance may be included, and the relationship to the financial estimates is described.

SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a schedule of obligations, according to the following uniform list of object classifications:

10 PERSONAL SERVICES AND BENEFITS	25 Other services
11 Personnel compensation	26 Supplies and materials
12 Personnel benefits	30 ACQUISITION OF CAPITAL ASSETS
13 Benefits for former personnel	31 Equipment
20 CONTRACTUAL SERVICES AND SUPPLIES	32 Lands and structures
21 Travel and transportation of persons	33 Investments and loans
22 Transportation of things	40 GRANTS AND FIXED CHARGES
23.1 Standard level user charges	41 Grants, subsidies, and contributions
23.2 Communications, utilities, and other rent	42 Insurance claims and indemnities
24 Printing and reproduction	43 Interest and dividends
	44 Refunds

These object classes reflect the nature of the things or services purchased, regardless of the purpose of the program for which they are used.

Except for revolving funds, reimbursable obligations are aggregated in a single line and not identified by object class. Data, classified by object, are illustrated in the following schedule:

Object Classification (in thousands of dollars)			
Identification code 17-0643-0-1-452	1983 actual	1984 est.	1985 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent.....	19,653	19,540	19,200
11.3 Other than full-time permanent.....	792	800	570
11.5 Other personnel compensation.....	231	169	190
11.9 Total personnel compensation.....	20,676	20,509	19,960
12.1 Personnel benefits: Civilian.....	1,940	1,899	1,887
21.0 Travel and transportation of persons.....	91	85	80
22.0 Transportation of things.....	17	18	17
23.1 Standard level user charges.....	1,680	1,752	1,790
23.2 Communications, utilities, and other rent.....	1,759	1,580	1,675
24.0 Printing and reproduction.....	1,390	1,429	1,470
25.0 Other services.....	1,774	1,838	559
26.0 Supplies and materials.....	429	480	497
31.0 Equipment.....	390	500	585
32.0 Lands and structures.....		150	400
99.0 Subtotal direct obligations.....	30,146	30,240	28,920
99.0 Reimbursable obligations.....	250	350	380
99.9 Total obligations.....	30,396	30,590	29,300

Several of the object classes are divided into sub-classes—personnel compensation, for example, is shown separately for full-time permanent employees, for other than full-time employees, and for certain other payments. Standard level user charges are rental payments assessed by the General Services Administration for space (leased and Government-owned) and building services.

When obligations for personnel compensation are shown in the object classification schedule, a personnel summary will follow the object classification schedule, as illustrated below:

Personnel Summary			
Direct:			
Total number of full-time permanent positions.....	813	785	741
Total compensable workyears.....			
Full-time equivalent employment.....	774	748	706
Full-time equivalent of overtime and holiday hours.....	23	17	19
Reimbursable:			
Total number of full-time permanent positions.....	9	13	14
Total compensable workyears.....			
Full-time equivalent employment.....	8	12	13

Control of Federal civilian employment generally is on a full-time equivalent (FTE) or workyear basis for the executive branch.

Business-Type Budget Statements

Business-type budget statements are presented for activities specifically required by the Government Corporation Control Act or similar legislation and generally for other revolving and trust revolving funds conducting business with the public. They are not usually presented for funds conducting business within the Government.

Statement of Revenue and Expense

For many revolving funds there is a statement of revenue and expense that shows the resulting net income or loss for the year. This statement usually includes accrued revenue (e.g., revenue earned) and accrued expenditures (e.g., including cost incurred but not yet paid), whether funded or unfunded.

Revenue and Expense (in thousands of dollars)			
	1983 actual	1984 est.	1985 est.
Operating income:			
Revenue.....	23,625	27,950	34,980
Expense.....	-2,830	-3,700	-4,000
Net operating income, total.....	20,795	24,250	30,980
Nonoperating income: Interest from U.S. securities.....	8,092	9,874	12,791
Net income for the year.....	28,887	34,124	43,771

Statement of Financial Condition

The statement of Financial Condition shows assets, liabilities, and Government equity for the fund at the close of each fiscal year. In addition to this information, which is similar to commercial balance sheet data, budget needs also require additional information, shown in the equity section. A disclosure is made of obligations incurred that have not yet accrued into liabilities (undelivered orders) and of budgetary resources for which no funding has been received (unfinanced budgetary resources). Unfinanced budgetary resources include orders from Federal customers that have not been filled (unfilled orders), and unfinanced budget authority in the form of authority to borrow for which borrowing has not taken place, and contract authority for which liquidating cash has not been received. Orders received from the public must be accompanied by advance payment.

The last section of the balance sheet is an "Analysis of Changes in Government Equity." This section sets forth for paid-in capital and retained income, as appropriate, the beginning balance, transactions (changes) during the year, and the balance at the end of the year.

Financial Condition (in thousands of dollars)

	1982 actual	1983 actual	1984 est.	1985 est.
Assets:				
Fund balance with Treasury.....	1,214	350	550	450
U.S. securities (par).....	98,174	129,969	170,763	218,169
Accounts receivable (net).....	5,546	5,737	7,365	9,106
Loans receivable (net).....	6,901	4,059	6,415	8,715
Total assets.....	111,835	140,115	185,909	236,440
Liabilities:				
Accounts payable and accrued liabilities.....	1,941	1,162	862	862
Advances received.....	21,656	21,828	32,988	40,558
Total liabilities.....	23,597	22,990	33,850	41,420
Government equity:				
Unexpended balances:				
Unobligated balance.....	81,051	112,491	144,486	186,702
Undelivered orders.....	280	569	348	603
Unfinanced budget authority:				
Unfilled customer orders.....	-1,340	-896	-1,205	-1,536
Invested capital.....	8,247	4,961	7,620	9,251
Total Government equity.....	88,238	117,125	151,249	195,020
Analysis of changes in Government equity:				
Retained income:				
Opening balance.....		88,238	117,125	151,249
Transactions:				
Net operating income.....		20,795	24,250	30,980
Net nonoperating income.....		8,092	9,874	12,791
Closing balance.....		117,125	151,249	195,020
Total Government equity (end of year).....		117,125	151,249	195,020

FEDERAL CREDIT SCHEDULES

As part of an effort to establish systematic control of the levels of Federal credit during any fiscal year, the budget appendix includes annual limitations on the amount of obligations for direct loans and commitments for loan guarantees in appropriations language for ap-

appropriations or funds with credit activity. Schedules for the status of direct loans and the status of guaranteed loans summarize activity for the years shown.

Status of Direct Loans

A direct loan is a disbursement of funds (not in exchange for goods or services) that is contracted to be repaid—with or without interest—or any of the following transactions:

- direct Federal participation in loans privately made or held;
- purchase of private loans through secondary market operations;
- acquisition of guaranteed private loans or collateral in satisfaction of default or other guarantee claims.

A direct loan is counted against the annual limitation when the principal amount is obligated. Gross obligations for direct loans means the amount obligated during a fiscal year, without reductions for such items as repayments, prepayments, sale of loan assets, defaults, or forgiveness.

For each appropriation or fund with direct loan activity, a schedule is displayed immediately following the program and financing schedule as follows:

Status of Direct Loans (in thousands of dollars)			
Identification code 17-4023-0-3-453	1983 actual	1984 est.	1985 est.
Position with respect to limitation on direct loans:			
1110 Limitation on obligations	19,700	14,000	14,800
1130 Obligations exempt from limitation	1,300	500	200
1151 Obligations incurred, gross: Direct loans to the public	20,000	14,500	15,000
1190 Unused balance of limitation, expiring	1,000		
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	33,650	46,195	38,510
New loans:			
1231 Disbursements for direct loans	18,700	14,000	14,800
1232 Disbursements for guarantee claims	1,300	500	200
Recoveries:			
1251 Repayments and prepayments	-6,625	-20,075	-8,280
1254 Other capital recoveries	-400	-700	-1,100
1261 Adjustments: Write-offs for default	-430	-1,410	-809
1290 Outstanding, end of year	46,195	38,510	43,321
Addendum: Federal Financing Bank transactions:			
Direct loans made by the FFB and guaranteed by this account:			
1410 Outstanding, start of year		3,800	8,000
1430 New loan disbursements	3,800	4,400	5,400
1450 Repayments		-200	-400
1490 Outstanding, end of year	3,800	8,000	13,000

Status of Guaranteed Loans

A guaranteed loan is an agreement by which the Government pledges to pay part or all of the loan principal and interest to a lender or holder of a security, in the event of default by a third party borrower. For the purposes of credit control, the term includes agreements in the form of loan insurance; i.e., a program to pool risks, pledging the use of insurance premiums, and, under some circumstances, other resources to secure a lender against default by a borrower. The term

also includes direct Federal loans that the Government has sold under guarantee or repurchase agreements.

A guaranteed loan is counted against the annual limitation when a firm commitment is made, i.e., when the Government enters into a guarantee agreement to become effective at such time as the lender meets stipulated pre-conditions. A commitment is reported for every guaranteed loan, even though the commitment and the actual guarantee may occur simultaneously. Amounts for limitations and in the schedules are the full principal amounts of loans guaranteed whether guaranteed in full or in part. The amount of the Government's contingent liability is shown as a memorandum entry in the schedule. Gross commitments for guaranteed loans means the amount committed during a fiscal year, without reductions for such items as repayments, prepayments, sale of guaranteed loans, or defaults.

For each appropriation or fund account with guaranteed loan activity, a schedule is displayed immediately following the program and financing schedule (or status of direct loans schedule, if there is one) as follows:

Status of Guaranteed Loans (in thousands of dollars)			
Identification code 17-4023-0-3-453	1983 actual	1984 est.	1985 est.
Position with respect to limitation on commitments:			
Limitation on commitments:			
2111 Loans by private lenders	20,000	15,310	13,700
2112 Loans by FFB	5,000	5,000	5,000
New commitments made, gross:			
2151 Loans by private lenders	16,130	15,310	13,700
2152 Loans by the FFB	5,000	5,000	5,000
2190 Unused balance of limitation, expiring	3,870		
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	70,000	71,186	71,985
2231 Loans guaranteed: New loans	12,586	12,799	14,611
2250 Repayments and prepayments	-10,100	-10,300	-10,850
2261 Adjustments: Terminations for default	-1,300	-1,700	-1,900
2290 Outstanding, end of year	71,186	71,985	73,846
MEMORANDUM			
2299 U.S. contingent liability for guaranteed loans outstanding, end of year	71,186	71,985	73,846

BUDGETS NOT SUBJECT TO REVIEW

In accordance with law, the presentations for the Legislative Branch, the Judiciary, the Federal Deposit Insurance Corporation, the Milk Market Orders Assessment Fund of the Department of Agriculture, the Farm Credit Administration, the Board of Governors of the Federal Reserve System, and the International Trade Commission have been included, without review, in the amounts submitted by the agencies.

The budgets of the privately owned Government-sponsored enterprises, presented in Part V, are not subject to review; they are included for information purposes.

DEPARTMENT OF DEFENSE—MILITARY

MILITARY PERSONNEL

ACTIVE FORCES

These appropriations finance the personnel costs of the active duty appropriations for the Army, Navy, Marine Corps, and Air Force. Changes in financial requirements are primarily related to military personnel strengths. In addition, these appropriations will finance for the first time in 1985, the future retirement benefits of the current active forces. While most of the entitlements financed by these appropriations are set by statute, the estimates reflect continuing efforts to improve management including implementation of audit recommendations, improved management of military travel, and prudent use of subsistence, bonus programs, and other pay programs.

The numbers of active duty military personnel provided for are shown in the following table:

	YEAREND NUMBER		
	1983 actual	1984 estimate	1985 estimate
Defense total	2,123,349	2,135,900	2,165,800
Officers	298,707	303,643	309,792
Enlisted	1,811,060	1,818,896	1,842,647
Academy cadets and midshipmen	13,582	13,361	13,361
Army	779,643	780,000	780,800
Officers	105,674	108,412	108,894
Enlisted	669,364	667,169	667,487
Military Academy cadets	4,605	4,419	4,419
Navy	557,573	564,800	575,300
Officers	68,494	68,489	71,973
Enlisted	484,568	491,786	498,802
Naval Academy midshipmen	4,511	4,525	4,525
Marine Corps	194,089	196,600	199,500
Officers	19,983	20,186	20,266
Enlisted	174,106	176,414	179,234
Air Force	592,044	594,500	610,200
Officers	104,556	106,556	108,659
Enlisted	483,022	483,527	497,124
Air Force Academy cadets	4,466	4,417	4,417
	AVERAGE NUMBER		
	1983 actual	1984 estimate	1985 estimate
Defense total	2,116,853	2,132,309	2,154,122
Officers	294,324	301,544	307,539
Enlisted	1,809,499	1,817,762	1,833,657
Academy cadets and midshipmen	13,030	13,003	12,926
Army	778,453	780,805	779,732
Officers	103,953	106,313	108,086
Enlisted	670,227	670,193	667,474
Military Academy cadets	4,273	4,299	4,172
Navy	552,102	558,124	570,863
Officers	67,382	68,781	70,816
Enlisted	480,317	484,987	495,674
Naval Academy midshipmen	4,403	4,356	4,373

Marine Corps	195,888	196,101	198,999
Officers	19,491	20,176	20,298
Enlisted	176,397	175,925	178,701
Air Force	590,410	597,279	604,528
Officers	103,498	106,274	108,339
Enlisted	482,558	486,657	491,808
Air Force Academy cadets	4,354	4,348	4,381

Federal Funds

General and special funds:

MILITARY PERSONNEL, ARMY*

* See Part II for additional information.

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; [\$15,048,533,000] and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund; \$21,172,900,000. (10 U.S.C. 701-04, 744, 1035, 1037, 1212, 1475-80, 2389, 2421, 2634, 3687, 4561, 4562, 4741; chapters 3, 5, 7, and 9 of title 37, United States Code; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-2010-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Pay and allowances of officers	3,474,313	3,714,021	5,383,700
00.02	Pay and allowances of enlisted personnel	9,298,386	9,670,349	13,730,100
00.03	Pay and allowances of cadets	32,480	32,620	32,100
00.04	Subsistence of enlisted personnel	896,603	979,580	999,000
00.05	Permanent change of station travel	915,091	948,323	926,700
00.06	Other military personnel costs	3,503	76,840	101,300
00.90	Total direct program	14,620,376	15,421,733	21,172,900
01.01	Reimbursable program	142,000	138,729	151,400
10.00	Total obligations	14,762,376	15,560,462	21,324,300
Financing:				
Offsetting collections from:				
11.00	Federal funds	—50,526	—24,172	—20,089
13.00	Trust funds	—39,518	—62,893	—77,312
14.00	Non-Federal sources	—51,956	—51,664	—53,999
25.00	Unobligated balance lapsing	472	—	—
39.00	Budget authority	14,620,848	15,421,733	21,172,900
Budget authority:				
40.00	Appropriation	14,454,848	15,048,533	21,172,900
42.00	Transferred from other accounts	166,000	—	—
43.00	Appropriation (adjusted)	14,620,848	15,048,533	21,172,900
44.30	Supplemental for military pay raises (pending)	—	373,200	—
Relation of obligations to outlays:				
71.00	Obligations incurred, net	14,620,376	15,421,733	21,172,900
72.40	Obligated balance, start of year	289,162	158,367	378,430

General and special funds—Continued

MILITARY PERSONNEL, ARMY—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	21-2010-0-1-051	1983 actual	1984 est.	1985 est.
74.40	Obligated balance, end of year.....	— 158,367	— 378,430	— 453,480
77.00	Adjustments in expired accounts.....	— 133,081		
90.00	Outlays, excluding pay raise supplemental.....	14,618,089	14,833,490	21,092,830
91.30	Outlays from military pay raise supplemental.....		368,180	5,020

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	14,620,848	15,421,733	21,172,900
Outlays.....	14,618,089	15,201,670	21,097,850
Supplemental under existing legislation:			
Budget authority.....		3,400	
Outlays.....		3,330	50
Total:			
Budget authority.....	14,620,848	15,425,133	21,172,900
Outlays.....	14,618,089	15,205,000	21,097,900

Object Classification (in thousands of dollars)

Identification code	21-2010-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Personnel compensation:				
11.7 Military personnel.....	12,496,867	13,047,095	13,380,104	
11.8 Special personal services payments.....	282	282	282	
11.9 Total personnel compensation.....	12,497,149	13,047,377	13,380,386	
Personnel benefits: Military personnel:				
12.2 Accrued retirement benefits.....			5,320,346	
12.2 Other personnel benefits.....	906,373	966,158	1,051,211	
13.0 Benefits for former personnel.....		73,300	97,800	
21.0 Travel and transportation of persons.....	368,356	402,811	396,843	
22.0 Transportation of things.....	486,290	532,438	518,977	
25.0 Other services: Purchases from industrial funds.....	24,642	28,950	29,433	
26.0 Supplies and materials.....	334,926	368,022	375,249	
42.0 Insurance claims and indemnities.....	2,640	2,677	2,655	
99.0 Subtotal, direct obligations.....	14,620,376	15,421,733	21,172,900	
99.0 Reimbursable obligations.....	142,000	138,729	151,400	
99.9 Total obligations.....	14,762,376	15,560,462	21,324,300	

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; [\$11,171,278,000] and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund; \$15,897,500,000: Provided, That, notwithstanding any other provision of law, funds made available by this Act shall be available for payment of the Aviation Officer Continuation Bonus pursuant to agreements accepted from officers of all aviation specialties where shortages exist. (10 U.S.C. 600, 683-4, 701-4, 744, 1035, 1037, 1212, 1475-80, 2421, 2634, 5401, 5404, 5406-9, 5412-17, 5441-42, 5444-47, 5449-52, 5454, 5501, 5503, 5865, 6081-86, 6221, 6911-12, 6960, 6969; 26 U.S.C. 3121; chapters 3, 5, 7, 9 and 10 of title 37, United States Code; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	17-1453-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01 Pay and allowances of officers.....	2,513,280	2,638,353	3,719,530	
00.02 Pay and allowances of enlisted personnel.....	7,097,036	7,477,670	10,756,402	
00.03 Pay and allowances of cadets.....	33,986	33,890	34,341	
00.04 Subsistence of enlisted personnel.....	655,414	690,870	719,807	
00.05 Permanent change of station travel.....	517,661	566,646	613,361	
00.06 Other military personnel costs.....	4,015	43,479	54,059	
00.90 Total direct program.....	10,821,392	11,450,908	15,897,500	
01.01 Reimbursable program.....	94,833	105,000	123,800	
10.00 Total obligations.....	10,916,225	11,555,908	16,021,300	

Financing:

Offsetting collections from:			
11.00 Federal funds.....	— 35,300	— 38,680	— 50,158
13.00 Trust funds.....	— 15,385	— 22,035	— 27,414
14.00 Non-Federal sources.....	— 44,148	— 44,285	— 46,228
25.00 Unobligated balance lapsing.....	25,315		
39.00 Budget authority.....	10,846,708	11,450,908	15,897,500

Budget authority:

40.00 Appropriation.....	10,537,408	11,171,278	15,897,500
42.00 Transferred from other accounts.....	309,300		
43.00 Appropriation (adjusted).....	10,846,708	11,171,278	15,897,500
44.30 Supplemental for military pay raises (pending).....		279,630	

Relation of obligations to outlays:

71.00 Obligations incurred, net.....	10,821,392	11,450,908	15,897,500
72.40 Obligated balance, start of year.....	350,873	234,119	344,427
74.40 Obligated balance, end of year.....	— 234,119	— 344,427	— 399,027
77.00 Adjustments in expired accounts.....	— 60,497		
90.00 Outlays, excluding pay raise supplemental.....	10,877,649	11,064,780	15,839,090
91.30 Outlays from military pay raise supplemental.....		275,820	3,810

Object Classification (in thousands of dollars)

Direct obligations:			
Personnel compensation:			
11.7 Military personnel.....	9,116,111	9,639,323	10,095,430
11.8 Special personal services payments.....	257	265	273
11.9 Total personnel compensation.....	9,116,368	9,639,588	10,095,703
Personnel benefits: Military personnel:			
12.2 Accrued retirement benefits.....			3,804,281
12.2 Other personnel benefits.....	908,660	905,288	1,023,969
13.0 Benefits for former personnel.....		39,200	40,927
21.0 Travel and transportation of persons.....	203,179	218,432	238,591
22.0 Transportation of things.....	287,144	316,333	340,653
25.0 Other services: Other.....	11,051	13,677	14,960
26.0 Supplies and materials.....	293,115	316,359	336,337
42.0 Insurance claims and indemnities.....	1,875	2,031	2,079
99.0 Subtotal, direct obligations.....	10,821,392	11,450,908	15,897,500
99.0 Reimbursable obligations.....	94,833	105,000	123,800
99.9 Total obligations.....	10,916,225	11,555,908	16,021,300

MILITARY PERSONNEL, MARINE CORPS*

*See Part II for additional information.

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); [\$3,433,859,000] and for payments pursuant

to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund, \$4,845,900,000. Provided, That, notwithstanding any other provision of law, funds made available by this Act shall be available for payment of the Aviation Officer Continuation Bonus pursuant to agreements accepted from officers of all aviation specialties where shortage exist. (10 U.S.C. 1035, 1212, 1475-80, 2634, 5402, 5404-05, 5409, 5413-17, 5441, 5443, 5445-46, 5448, 5451, 5454, 5456, 5458, 5502-03, 6032, 6081-86, 6148, 6222; 12 U.S.C. 1715m; chapters 3, 5, 7, and 9 of title 37, United States Code; 41 U.S.C. 1594d; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	17-1105-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Pay and allowances of officers	654,168	702,136	987,322
00.02	Pay and allowances of enlisted personnel	2,284,192	2,353,038	3,373,704
00.04	Subsistence of enlisted personnel	230,769	241,949	250,107
00.05	Permanent change of station travel	176,419	196,370	205,938
00.06	Other military personnel costs	2,017	26,076	28,829
00.90	Total direct program	3,347,565	3,519,569	4,845,900
01.01	Reimbursable program	13,412	14,413	16,800
10.00	Total obligations	3,360,977	3,533,982	4,862,700
Financing:				
Offsetting collections from:				
11.00	Federal funds	-8,936	-9,367	-10,434
13.00	Trust funds	-501	-510	-1,162
14.00	Non-Federal sources	-3,975	-4,536	-5,204
25.00	Unobligated balance lapsing	412		
39.00	Budget authority	3,347,977	3,519,569	4,845,900
Budget authority:				
40.00	Appropriation	3,293,277	3,433,859	4,845,900
42.00	Transferred from other accounts	54,700		
43.00	Appropriation (adjusted)	3,347,977	3,433,859	4,845,900
44.30	Supplemental for military pay raises (pending)		85,710	
Relation of obligations to outlays:				
71.00	Obligations incurred, net	3,347,565	3,519,569	4,845,900
72.40	Obligated balance, start of year	172,803	110,192	183,161
74.40	Obligated balance, end of year	-110,192	-183,161	-255,571
77.00	Adjustments in expired accounts	-70,973		
90.00	Outlays, excluding pay raise supplemental	3,339,203	3,362,000	4,772,380
91.30	Outlays from military pay raise supplemental		84,600	1,110

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority	3,347,977	3,519,569	4,845,900
Outlays	3,339,203	3,446,600	4,773,490
Supplemental under existing legislation:			
Budget authority		5,500	
Outlays		5,300	110
Total:			
Budget authority	3,347,977	3,525,069	4,845,900
Outlays	3,339,203	3,451,900	4,773,600

Object Classification (in thousands of dollars)

Identification code	17-1105-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
11.7	Personnel compensation:			
	Military personnel	2,823,329	3,022,084	3,125,487

11.8	Special personal services payments	300	300	300
11.9	Total personnel compensation	2,823,629	3,022,384	3,125,787
Personnel benefits: Military personnel:				
12.2	Accrued retirement benefits			1,205,117
12.2	Other personnel benefits	252,196	174,985	181,470
13.0	Benefits for former personnel		23,940	23,759
21.0	Travel and transportation of persons	85,513	94,563	99,202
22.0	Transportation of things	82,634	92,610	97,352
25.0	Other services: Purchases from industrial funds	4,020	4,606	4,726
26.0	Supplies and materials	98,671	105,585	107,617
42.0	Insurance claims and indemnities	810	795	870
43.0	Interest and dividends	92	101	
99.0	Subtotal, direct obligations	3,347,565	3,519,569	4,845,900
99.0	Reimbursable obligations	13,412	14,413	16,800
99.9	Total obligations	3,360,977	3,533,982	4,862,700

MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; [\$12,577,203,000] and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund; \$17,799,900,000. (10 U.S.C. 503, 504-09, 518-19, 600, 683-84, 687, 701-04, 744, 1035-37, 1211-12, 1331, 1475-80, 2632, 2634, 8033, 8036, 8066, 8201-15, 8281, 8284-89, 8293-8303, 8305-10, 8312-13, 8441-49, 8451-52, 8491, 8494-8504, 8531, 8687, 8722, 9306, 9331-37, 9341-55, 9441, 9561-63, 9741-43; 12 U.S.C. 1715m; 33 U.S.C. 855, 858; chapters 3, 5, 7, 9, 10, and 11, of title 37, United States Code; 49 U.S.C. 1657; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	57-3500-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Pay and allowances of officers	3,719,906	3,935,195	5,598,590
00.02	Pay and allowances of enlisted personnel	6,961,205	7,320,515	10,462,111
00.03	Pay and allowances of cadets	32,800	32,380	33,555
00.04	Subsistence of enlisted personnel	738,146	769,363	787,173
00.05	Permanent change of station travel	762,043	803,500	860,224
00.06	Other military personnel costs	1,972	44,310	58,247
00.90	Total direct program	12,216,072	12,905,263	17,799,900
01.01	Reimbursable program	140,367	148,900	174,900
10.00	Total obligations	12,356,439	13,054,163	17,974,800
Financing:				
Offsetting collections from:				
11.00	Federal funds	-27,102	-30,823	-31,805
13.00	Trust funds	-71,635	-76,533	-100,227
14.00	Non-Federal sources	-42,454	-41,544	-42,868
25.00	Unobligated balance lapsing	1,802		
39.00	Budget authority	12,217,050	12,905,263	17,799,900
Budget authority:				
40.00	Appropriation	12,099,850	12,577,203	17,799,900
42.00	Transferred from other accounts	117,200		
43.00	Appropriation (adjusted)	12,217,050	12,577,203	17,799,900
44.30	Supplemental for military pay raises (pending)		328,060	
Relation of obligations to outlays:				
71.00	Obligations incurred, net	12,215,248	12,905,263	17,799,900
72.40	Obligated balance, start of year	114,274	136,928	149,591
74.40	Obligated balance, end of year	-136,928	-149,591	-162,091

General and special funds—Continued

MILITARY PERSONNEL, AIR FORCE—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	57-3500-0-1-051	1983 actual	1984 est.	1985 est.
77.00	Adjustments in expired accounts	- 12,474		
90.00	Outlays, excluding pay raise supplemental	12,180,119	12,568,980	17,782,960
91.30	Outlays from military pay raise supplemental		323,620	4,440
Object Classification (in thousands of dollars)				
Direct obligations:				
tt.7	Personnel compensation: Military personnel	10,550,668	11,142,404	11,521,226
	Personnel benefits: Military personnel:			
12.2	Accrued retirement benefits			4,456,128
12.2	Other personnel benefits	813,252	859,490	888,591
21.0	Travel and transportation of persons	204,829	216,808	224,149
22.0	Transportation of things	497,741	526,535	544,362
25.0	Other services: Purchases from industrial funds	33,337	36,135	37,358
26.0	Supplies and materials	114,443	121,309	125,417
42.0	Insurance claims and indemnities	1,802	2,582	2,669
99.0	Subtotal, direct obligations	12,216,072	12,905,263	17,799,900
99.0	Reimbursable obligations	140,367	148,900	174,900
99.9	Total obligations	12,356,439	13,054,163	17,974,800

RESERVE FORCES

These appropriations finance the personnel costs of the National Guard and Reserve forces, including for the first time in 1985, the future retirement benefits of the current reserve forces. The estimates reflect continuing efforts to improve management efficiency including, for example, more economical use of training and recruiting resources as well as the undertaking of active missions at lower costs.

The number of National Guard and Reserve personnel estimated to participate in the paid training programs and the number of full-time active duty military personnel provided for are summarized in the following table:

	YEAREND NUMBER		
	1983 actual	1984 estimate	1985 estimate
Defense total	1,004,547	1,051,480	1,103,696
Trained inactive duty	916,178	946,615	978,694
Initial active duty for training	49,854	58,046	59,006
Full-time active duty	38,515	46,819	65,996
Army Reserve	266,188	278,117	298,447
Trained inactive duty	245,179	253,736	267,694
Initial active duty for training	13,976	15,359	15,726
Full-time active duty	7,033	9,022	15,027
Navy Reserve	109,094	122,496	128,800
Trained inactive duty	95,955	105,716	110,750
Initial active duty for training	1,109	2,934	2,640
Full-time active duty	12,030	13,846	15,410
Marine Corps Reserve	42,690	43,883	46,447
Trained inactive duty	37,932	38,769	40,992
Initial active duty for training	4,102	4,313	4,326
Full-time active duty	656	801	1,129

Air Force Reserve	67,227	69,880	74,829
Trained inactive duty	65,013	67,280	72,209
Initial active duty for training	1,749	1,997	1,997
Full-time active duty	465	603	623
Army National Guard	417,178	433,000	447,283
Trained inactive duty	377,486	386,315	389,773
Initial active duty for training	25,935	30,053	30,927
Full-time active duty	13,757	16,632	26,583
Air National Guard	102,170	104,104	107,890
Trained inactive duty	94,613	94,799	97,276
Initial active duty for training	2,983	3,390	3,390
Full-time active duty	4,574	5,915	7,224

The Reserve Officers' Training Corps program provides training for reserve and regular officer candidates who have enrolled in the course while attending a college at which an ROTC unit has been established. College graduates who satisfactorily complete the advanced course of the program are commissioned and are ordinarily ordered to active duty for a minimum of 3 years.

The Reserve Officers' Training Corps Vitalization Act of 1964, as amended, authorizes a limited number of scholarships for ROTC students on a competitive basis. Successful candidates for the scholarships generally serve a minimum period of 4 years on active duty upon graduation and appointment as a commissioned officer. A number of scholarship recipients will fulfill their entire obligation in the Reserve components.

The Armed Forces health professions scholarship program provides a source of commissioned officers for the various health professions.

The numbers of commissioned officers graduated from these programs are summarized below:

	1982 actual	1983 actual	1984 estimate	1985 estimate
ROTC:				
Army	9,162	8,745	8,973	10,695
Navy	1,192	1,211	1,400	1,400
Air Force	3,585	3,619	3,205	3,261
Total	13,939	13,575	13,578	15,356
Reserve officer candidates:				
Navy	79	114		
Marine Corps	680	548	800	690
Total	759	662	800	690
Health professions scholarship:				
Army	440	484	498	446
Navy	233	251	260	260
Air Force	434	443	437	457
Total	1,107	1,178	1,195	1,163

Federal Funds

General and special funds:

RESERVE PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army Reserve on active duty under sections 265, 3019, and 3033 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; [\$1,361,150,000] and for payments to the Depart-

ment of Defense Military Retirement Fund; \$2,184,300,000. (10 U.S.C. 683, 1475-80, 2101-11, 3019, 3033, 3722; 37 U.S.C. 204, 206, 209, 301, 305, 402-404, 414-18, 1002; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)			
Identification code	21-2070-0-1-051	1983 actual	1984 est. 1985 est.
Program by activities:			
Direct program:			
00.01	Unit and individual training	769,062	875,880 1,265,589
00.02	Other training and support	452,488	519,550 918,711
00.90	Total direct program	1,221,550	1,395,430 2,184,300
01.01	Reimbursable program	3,581	4,000 5,200
10.00	Total obligations	1,225,131	1,399,430 2,189,500
Financing:			
Offsetting collections from:			
11.00	Federal funds	-2,959	-3,360 -3,486
13.00	Trust funds		
14.00	Non-Federal sources	-622	-640 -664
25.00	Unobligated balance lapsing	6,700	
39.00	Budget authority	1,228,250	1,395,430 2,184,300
Budget authority:			
40.00	Appropriation	1,247,250	1,361,150 2,184,300
41.00	Transferred to other accounts	-19,000	
43.00	Appropriation (adjusted)	1,228,250	1,361,150 2,184,300
44.30	Supplemental for military pay raises (pending)		34,280
Relation of obligations to outlays:			
71.00	Obligations incurred, net	1,221,550	1,395,430 2,184,300
72.40	Obligated balance, start of year	86,479	106,792 134,822
74.40	Obligated balance, end of year	-106,792	-134,822 -208,122
77.00	Adjustments in expired accounts	-6,605	
90.00	Outlays, excluding pay raise supplemental	1,194,632	1,333,570 2,110,550
91.30	Outlays from military pay raise supplemental		33,830 450

Object Classification (in thousands of dollars)

Direct obligations:			
11.7	Personnel compensation: Military personnel	966,579	1,113,380 1,290,681
Personnel benefits: Military personnel:			
12.2	Accrued retirement benefits		560,249
12.2	Other personnel benefits	77,265	61,637 74,591
21.0	Travel and transportation of persons	100,840	125,476 150,852
22.0	Transportation of things	2,162	6,595 11,848
25.0	Other services: Other	456	701 1,047
26.0	Supplies and materials	73,948	87,331 94,660
42.0	Insurance claims and indemnities	300	310 372
99.0	Subtotal, direct obligations	1,221,550	1,395,430 2,184,300
99.0	Reimbursable obligations	3,581	4,000 5,200
99.9	Total obligations	1,225,131	1,399,430 2,189,500

RESERVE PERSONNEL, NAVY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Naval Reserve on active duty under section 265 of title 10, United States Code, or personnel while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; [\$739,800,000] and for payments to the Department of Defense Military Retirement Fund; \$1,131,600,000. (10 U.S.C. 600, 683-4, 1475-80, 2031, 2101-11, 5456-57, 6081-86, 6148; 26 U.S.C. 3121; 37 U.S.C. 204,

206, 301, 305, 402-4, 415-18, 427, 1002; 38 U.S.C. 701-12; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	17-1405-0-1-051	1983 actual	1984 est. 1985 est.
Program by activities:			
Direct program:			
00.01	Unit and individual training	346,120	394,606 588,213
00.02	Other training and support	328,201	372,342 543,387
00.90	Total direct program	674,321	766,948 1,131,600
01.01	Reimbursable program	213	400 500
10.00	Total obligations	674,534	767,348 1,132,100
Financing:			
Offsetting collections from:			
11.00	Federal funds	-209	-372 -336
13.00	Trust funds		
14.00	Non-Federal sources	-4	-28 -28
25.00	Unobligated balance lapsing	4,104	
39.00	Budget authority	678,425	766,948 1,131,600
Budget authority:			
40.00	Appropriation	657,125	739,800 1,131,600
42.00	Transferred from other accounts	21,300	9,448
43.00	Appropriation (adjusted)	678,425	749,248 1,131,600
44.30	Supplemental for military pay raises (pending)		17,700
Relation of obligations to outlays:			
71.00	Obligations incurred, net	674,321	766,948 1,131,600
72.40	Obligated balance, start of year	48,637	65,299 97,047
74.40	Obligated balance, end of year	-65,299	-97,047 -153,747
77.00	Adjustments in expired accounts	-9,182	
90.00	Outlays, excluding pay raise supplemental	648,477	717,730 1,074,670
91.30	Outlays from military pay raise supplemental		17,470 230

Object Classification (in thousands of dollars)

Direct obligations:			
11.7	Personnel compensation: Military personnel	561,051	625,457 690,376
Personnel benefits: Military personnel:			
12.2	Accrued retirement benefits		283,337
12.2	Other personnel benefits	20,106	31,830 37,237
21.0	Travel and transportation of persons	59,713	68,215 75,188
22.0	Transportation of things	6,703	8,691 8,109
25.0	Other services: Other	258	376 355
26.0	Supplies and materials	26,012	31,313 35,844
42.0	Insurance claims and indemnities	478	1,066 1,154
99.0	Subtotal, direct obligations	674,321	766,948 1,131,600
99.0	Reimbursable obligations	213	400 500
99.9	Total obligations	674,534	767,348 1,132,100

RESERVE PERSONNEL, MARINE CORPS

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Marine Corps Reserve on active duty under section 265 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty, and for members of the Marine Corps platoon leaders class, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; [\$176,200,000] and for payments to the Department of Defense Military Retirement Fund; \$269,500,000. (10 U.S.C. 600, 683, 1475-80, 2031, 2101-11, 5456, 5458, 6081-86, 6148; 37 U.S.C. 206, 310, 305, 309, 402-04,

General and special funds—Continued

RESERVE PERSONNEL, MARINE CORPS—Continued

415-18, 1002; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	17-1108-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Unit and individual training	127,610	129,146	189,894
00.02	Other training and support	42,279	50,454	79,606
00.90	Total direct program	169,889	179,600	269,500
01.01	Reimbursable program	662	600	1,100
10.00	Total obligations	170,551	180,200	270,600
Financing:				
Offsetting collections from:				
11.00	Federal funds	-596	-550	-693
13.00	Trust funds			-357
14.00	Non-Federal sources	-66	-50	-50
25.00	Unobligated balance lapsing	1,011		
39.00	Budget authority	170,900	179,600	269,500
Budget authority:				
40.00	Appropriation	170,900	176,200	269,500
44.30	Supplemental for military pay raises (pending)		3,400	
Relation of obligations to outlays:				
71.00	Obligations incurred, net	169,889	179,600	269,500
72.40	Obligated balance, start of year	25,330	27,171	34,871
74.40	Obligated balance, end of year	-27,171	-34,871	-48,071
77.00	Adjustments in expired accounts	-1,624		
90.00	Outlays, excluding pay raise supplemental	166,424	168,540	256,260
91.30	Outlays from military pay raise supplemental		3,360	40

RESERVE PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air Force Reserve on active duty under sections 265, 8019, and 8033 of title 10, United States Code, or while serving on active duty under section 672(d) of title 10, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing reserve training, or while performing drills or equivalent duty or other duty, and for members of the Air Reserve Officers' Training Corps, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; **[\$380,000,000]** and for payments to the Department of Defense Military Retirement Fund; \$565,800,000. (10 U.S.C. 261-80, 591-95, 597-600, 651, 671-85, 687, 715, 1475-80, 2031, 2101-11, 2120-27, 2131-33, 2511, 8019, 8062, 8076, 8221-23, 8259-60, 8351-54, 8356-63, 8365-68, 8371-81, 8392-95, 8491, 8687, 8722, 9301, 9411-14, 9561-63, 9741, 9743; 37 U.S.C. 204, 206, 209, 301, 309, 402-11, 415-18, 1002; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	57-3700-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Unit and individual training	221,484	240,290	357,627
00.02	Other training and support	139,025	148,460	208,173
00.90	Total direct program	360,509	388,750	565,800
01.01	Reimbursable program	1,607	1,940	2,750
10.00	Total obligations	362,116	390,690	568,550

Financing:

Offsetting collections from:				
11.00	Federal funds	-1,607	-1,882	-1,983
13.00	Trust funds			-706
14.00	Non-Federal sources		-58	-61
25.00	Unobligated balance lapsing	1,616		
39.00	Budget authority	362,125	388,750	565,800
Budget authority:				
40.00	Appropriation	358,925	380,000	565,800
42.00	Transferred from other accounts	3,200		
43.00	Appropriation (adjusted)	362,125	380,000	565,800
44.30	Supplemental for military pay raises (pending)		8,750	
Relation of obligations to outlays:				
71.00	Obligations incurred, net	360,509	388,750	565,800
72.40	Obligated balance, start of year	23,837	39,650	40,400
74.40	Obligated balance, end of year	-39,650	-40,400	-52,100
77.00	Adjustments in expired accounts	-392		
90.00	Outlays, excluding pay raise supplemental	344,304	379,360	553,990
91.30	Outlays from military pay raise supplemental		8,640	110

Object Classification (in thousands of dollars)

Direct obligations:				
11.7	Personnel compensation: Military personnel	293,224	318,402	343,437
Personnel benefits: Military personnel:				
12.2	Accrued retirement benefits			142,092
12.2	Other personnel benefits	13,153	14,247	16,800
21.0	Travel and transportation of persons	39,384	40,023	45,790
22.0	Transportation of things	369	590	898
26.0	Supplies and materials	14,334	15,437	16,717
42.0	Insurance claims and indemnities	45	51	66
99.0	Subtotal, direct obligations	360,509	388,750	565,800
99.0	Reimbursable obligations	1,607	1,940	2,750
99.9	Total obligations	362,116	390,690	568,550

NATIONAL GUARD PERSONNEL, ARMY

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Army National Guard while on duty under sections 265, 3033, or 3496 of title 10 or section 708 of title 32, United States Code, or while serving on [active] duty under section 672(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; **[\$1,882,980,000]** and for payments to the Department of Defense Military Retirement Fund; \$3,075,000,000. (10 U.S.C. 265, 683, 1475-80, 3722, 37 U.S.C. 301, 305, 402-04, 418, 1002; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-2060-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Unit and individual training	1,184,057	1,286,534	1,924,935
00.02	Other training and support	488,550	646,306	1,150,065
00.90	Total direct program	1,672,607	1,932,840	3,075,000
01.01	Reimbursable program	5,342	5,773	6,800
10.00	Total obligations	1,677,949	1,938,613	3,081,800

DEPARTMENT OF DEFENSE—MILITARY

RETIRED MILITARY PERSONNEL
Federal Funds

I-G7

Financing:			
Offsetting collections from:			
11.00	Federal funds	—1,873	—3,624
13.00	Trust funds		—155
14.00	Non-Federal sources	—3,469	—2,149
25.00	Unobligated balance lapsing	4,393	
39.00	Budget authority	1,677,000	1,932,840
Budget authority:			
40.00	Appropriation	1,698,800	1,882,980
41.00	Transferred to other accounts	—21,800	
43.00	Appropriation (adjusted)	1,677,000	1,882,980
44.30	Supplemental for military pay raises (pending)		49,860
Relation of obligations to outlays:			
71.00	Obligations incurred, net	1,672,607	1,932,840
72.40	Obligated balance, start of year	147,621	168,341
74.40	Obligated balance, end of year	—168,341	—209,881
77.00	Adjustments in expired accounts	—26,027	
90.00	Outlays, excluding pay raise supplemental	1,625,861	1,842,090
91.30	Outlays from military pay raise supplemental		49,210

Object Classification (in thousands of dollars)

Direct obligations:			
11.7	Personnel compensation: Military personnel	1,390,948	1,574,009
Personnel benefits: Military personnel:			
12.2	Accrued retirement benefits		828,248
12.2	Other personnel benefits	88,953	102,660
21.0	Travel and transportation of persons	75,038	116,765
22.0	Transportation of things	939	3,390
25.0	Other services: Other	1,669	1,973
26.0	Supplies and materials	114,965	133,955
42.0	Insurance claims and indemnities	95	88
99.0	Subtotal, direct obligations	1,672,607	1,932,840
99.0	Reimbursable obligations	5,342	5,773
99.9	Total obligations	1,677,949	1,938,613

NATIONAL GUARD PERSONNEL, AIR FORCE

For pay, allowances, clothing, subsistence, gratuities, travel, and related expenses for personnel of the Air National Guard on duty under section 265, 8033, or 8496 of title 10 or section 708 of title 32, United States Code, or while serving on [active] duty under section 672(d) of title 10 or section 502(f) of title 32, United States Code, in connection with performing duty specified in section 678(a) of title 10, United States Code, or while undergoing training, or while performing drills or equivalent duty or other duty, and expenses authorized by section 2131 of title 10, United States Code, as authorized by law; [5589,100,000] and for payments to the Department of Defense Military Retirement Fund: \$889,200,000. (10 U.S.C. 261-812, 510, 591-95 597-600, 651, 671-85, 2121-33, 2511, 3015, 8033, 8062, 8077-78, 8080, 8224-25, 8261, 8351-54 8356, 8358-63, 8365-68, 8371-81, 8392-95, 8491, 8496, 8722, 9301, 9561-63, 9741; 32 U.S.C. 101-11, 301-05, 307-08, 312-33, 501-07, 701; 37 U.S.C. 201, 203-06, 301, 309, 402-11, 414-18; 501-02, 1002; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3850-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:			
Direct program:			
00.01	Unit and individual training	334,822	349,019
00.02	Other training and support	199,139	255,121
00.90	Total direct program	533,961	604,140
01.01	Reimbursable program	528	600

10.00	Total obligations	534,489	604,740	889,800
Financing:				
Offsetting collections from:				
11.00	Federal funds	—15	—39	—19
14.00	Non-Federal sources	—513	—561	—581
25.00	Unobligated balance lapsing	4,464		
39.00	Budget authority	538,425	604,140	889,200
Budget authority:				
40.00	Appropriation	548,425	589,100	889,200
41.00	Transferred to other accounts	—10,000		
43.00	Appropriation (adjusted)	538,425	589,100	889,200
44.30	Supplemental for military pay raises (pending)		15,040	
Relation of obligations to outlays:				
71.00	Obligations incurred, net	533,961	604,140	889,200
72.40	Obligated balance, start of year	32,660	30,265	38,805
74.40	Obligated balance, end of year	—30,265	—38,805	—55,105
77.00	Adjustments in expired accounts	—7,659		
90.00	Outlays, excluding pay raise supplemental	528,697	580,760	872,700
91.30	Outlays from military pay raise supplemental		14,840	200

Object Classification (in thousands of dollars)

Direct obligations:			
11.7	Personnel compensation: Military personnel	476,091	534,908
Personnel benefits: Military personnel:			
12.2	Accrued retirement benefits		243,339
12.2	Other personnel benefits	17,686	22,050
21.0	Travel and transportation of persons	24,807	29,496
22.0	Transportation of things	1,715	1,915
26.0	Supplies and materials	13,545	15,681
42.0	Insurance claims and indemnities	117	90
99.0	Subtotal, direct obligations	533,961	604,140
99.0	Reimbursable obligations	528	600
99.9	Total obligations	534,489	604,740

RETIRED MILITARY PERSONNEL

Federal Funds

General and special funds:

[RETIRED PAY, DEFENSE]*

*See Part II for additional information.

[For retired pay and retirement pay, as authorized by law, of military personnel on the retired lists of the Army, Navy, Marine Corps, and Air Force, including the reserve components thereof, retainer pay for personnel of the Inactive Fleet Reserve, and payments under section 4 of Public Law 92-425 and chapter 73 of title 10, United States Code; \$16,592,600,000.] (Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code 97-0030-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:			
00.01	Nondisability	13,245,724	13,847,920
00.02	Temporary disability	51,367	55,106
00.03	Permanent disability	1,330,920	1,328,031
00.04	Fleet reserve	857,890	810,038
00.05	Survivors' benefits	467,949	510,505
10.00	Total obligations (object class 13.0)	15,953,850	16,551,600
Financing:			
25.00	Unobligated balance lapsing	200,950	

General and special funds—Continued

[RETIRED PAY, DEFENSE]—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	97-0030-0-1-051	1983 actual	1984 est.	1985 est.
39.00	Budget authority.....	16,154,800	16,551,600	
	Budget authority:			
40.00	Appropriation.....	16,154,800	16,592,600	
41.00	Transferred to other accounts.....		-41,000	
43.00	Appropriation (adjusted).....	16,154,800	16,551,600	
	Relation of obligations to outlays:			
71.00	Obligations incurred, net.....	15,953,850	16,551,600	
72.40	Obligated balance, start of year.....	36,598	37,947	84,447
74.40	Obligated balance, end of year.....	-37,947	-84,447	-64,047
77.00	Adjustments in expired accounts.....	-7,858		
90.00	Outlays.....	15,944,644	16,505,100	20,400

This appropriation includes funds for the pay of all personnel on the military retired lists for the Department of Defense. Included are the consolidated requirements of the military departments for: (a) payments to retired officers and enlisted personnel of the Army, Navy, Marine Corps, and Air Force; (b) retainer pay of enlisted personnel of the Fleet Reserve of the Navy and Marine Corps; and (c) survivors' benefits. As a result of the change to accrual accounting for military retirement enacted in the 1984 Defense Authorization Act (Public Law 98-94), the Retired Pay, Defense appropriation is discontinued in 1985. The following chart shows the average number of personnel on the rolls during 1983 compared with the estimate for 1984.

AVERAGE NUMBER

	1983 actual	1984 estimate	1985 estimate
1. Nondisability.....	1,092,643	1,120,641	
2. Temporary disability.....	7,906	7,869	
3. Permanent disability.....	132,270	130,070	
4. Fleet reserve.....	90,054	84,375	
5. Survivors' benefits.....	81,607	89,638	
Total.....	1,404,480	1,432,593	

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	16,154,800	16,551,600	
Outlays.....	15,944,644	16,505,100	20,400
Supplemental under existing legislation:			
Budget authority.....		243,000	
Outlays.....		243,000	
Proposed for later transmittal under proposed legislation:			
Budget authority.....		-243,000	
Outlays.....		-243,000	
Total:			
Budget authority.....	16,154,800	16,551,600	
Outlays.....	15,944,644	16,505,100	20,400

OPERATION AND MAINTENANCE

These appropriations finance the costs of operating and maintaining the Armed Forces, including the Reserve components and related support activities of the Department of Defense, except military personnel costs.

Included are amounts for pay of civilians, contract services for maintenance of equipment and facilities, fuel, supplies, and repair parts for weapons and equipment. Financial requirements are influenced by many factors, including the number of aircraft squadrons, Army or Marine Corps divisions, installations, military strength and deployments, rates of operational activity, and quantity and complexity of major equipment (aircraft, ships, missiles, tanks, et cetera) in operation. The estimates reflect savings resulting from management initiatives to improve operations. For example, actions were taken to improve logistics operations, reduce administrative overhead, increase productivity, and improved management of health care delivery.

Federal Funds

General and special funds:

OPERATION AND MAINTENANCE, ARMY*

*See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Army, as authorized by law, not to exceed [\$8,490,000] \$11,602,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Army, and payments may be made on his certificate of necessity for confidential military purposes, [\$17,054,846,000] \$19,486,518,000, of which not less than [\$1,247,000,000] \$1,429,000,000 shall be available only for the maintenance of real property facilities. (5 U.S.C. 503, 3101, 3109, 5342, 5702-04, 5724-27, 5730, 5742, 5912, 5941, 5943-44, 7093; 10 U.S.C. 140, 1037, 1071-85, 1481-88, 2602, 2674-75, 3012-13, 3062, 4302, 4331-55, 4505, 4536, 4741; 31 U.S.C. 1108; 37 U.S.C. 404; 39 U.S.C. 4169; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-2020-0-1-051	1983 actual	1984 est.	1985 est.
	Program by activities:			
	Direct program:			
00.02	General purpose forces.....	5,712,651	6,227,658	6,971,925
00.03	Intelligence and communications.....	908,654	1,025,667	1,207,565
00.07	Central supply and maintenance.....	4,835,400	4,944,018	5,671,573
00.08	Training, medical, and other general personnel activities.....	3,554,764	3,816,807	4,188,315
00.09	Administration and associated activities.....	1,049,023	1,130,817	1,240,818
00.10	Support of other nations.....	88,509	99,429	206,322
00.90	Total direct program.....	16,149,001	17,244,396	19,486,518
01.01	Reimbursable program.....	2,104,050	2,042,853	2,219,599
10.00	Total obligations.....	18,253,051	19,287,249	21,706,117
	Financing:			
	Offsetting collections from:			
11.00	Federal funds.....	-1,647,041	-1,582,014	-1,733,622
13.00	Trust funds.....	-328,653	-327,212	-347,092
14.00	Non-Federal sources.....	-128,084	-133,627	-138,885
15.00	Off-budget Federal entities.....	-272		
17.00	Recovery of prior year obligations, net.....	-27,400		
22.40	Unobligated balance transferred, net.....	-289,200	-7,400	
25.00	Unobligated balance lapsing.....	9,083		
39.00	Budget authority.....	15,841,484	17,236,996	19,486,518
	Budget authority:			
40.00	Appropriation.....	15,853,615	17,054,846	19,486,518
41.00	Transferred to other accounts.....	-12,131		
42.00	Transferred from other accounts.....		32,620	

43.00	Appropriation (adjusted)...	15,841,484	17,087,466	19,486,518
44.10	Supplemental for wage-board pay raises (pending).....		20,000	
44.20	Supplemental for civilian pay raises (pending).....		129,530	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	16,149,001	17,244,396	19,486,518
72.40	Obligated balance, start of year.....	4,108,492	4,500,112	5,390,698
74.40	Obligated balance, end of year.....	-4,500,112	-5,390,698	-6,275,656
77.00	Adjustments in expired accounts.....	-230,563		
78.00	Adjustments in unexpired accounts.....	-27,400		
90.00	Outlays, excluding pay raise supplemental.....	15,499,417	16,206,220	18,599,620
91.10	Outlays from wage-board pay raise supplemental.....		19,740	260
91.20	Outlays from civilian pay raise supplemental.....		127,850	1,680

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	15,841,484	17,236,996	19,486,518
Outlays.....	15,499,417	16,353,810	18,601,560
Supplemental under existing legislation:			
Budget authority.....		90,500	
Outlays.....		70,590	15,340
Total:			
Budget authority.....	15,841,484	17,327,496	19,486,518
Outlays.....	15,499,417	16,424,400	18,616,900

Object Classification (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
21-2020-0-1-051			
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent.....	3,621,854	3,695,455	3,759,972
11.3 Other than full-time permanent.....	181,986	186,610	189,868
11.5 Other personnel compensation.....	126,801	129,327	131,585
11.9 Total personnel compensation.....	3,930,641	4,011,392	4,081,425
12.1 Personnel benefits: Civilian.....	493,611	563,887	595,354
13.0 Benefits for former personnel.....	36,883	14,880	15,875
21.0 Travel and transportation of persons.....	462,015	473,795	485,167
22.0 Transportation of things.....	822,218	1,095,196	962,541
23.1 Standard level user charges.....	89,934	168,000	172,000
23.2 Communications, utilities, and other rent.....	891,381	969,280	1,050,266
24.0 Printing and reproduction.....	101,347	96,280	99,180
Other services:			
25.0 Payments to foreign national indirect hire personnel.....	693,729	870,768	791,360
25.0 Purchases from industrial funds.....	1,792,572	1,316,087	1,529,602
25.0 Contracts.....	3,995,845	3,605,260	5,377,671
25.0 Other.....		67,410	71,435
26.0 Supplies and materials.....	2,588,276	3,660,163	3,868,783
31.0 Equipment.....	250,549	331,998	385,859
99.0 Subtotal, direct obligations.....	16,149,001	17,244,396	19,486,518
99.0 Reimbursable obligations.....	2,104,050	2,042,853	2,219,599
99.9 Total obligations.....	18,253,051	19,287,249	21,706,117

Personnel Summary

Total number of full-time permanent positions.....	164,141	176,484	177,664
Total compensable workyears:			
Full-time equivalent employment.....	202,117	203,979	204,383
Full-time equivalent of overtime and holiday hours.....	4,028	3,345	3,407

OPERATION AND MAINTENANCE, NAVY*

* See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Navy and the Marine Corps, as authorized by law, not to exceed [\$2,700,000] \$2,823,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Navy, and payments may be made on his certificate of necessity for confidential military purposes, [\$21,943,818,000] \$26,248,426,000, of which not less than [\$605,000,000] \$764,000,000 shall be available only for the maintenance of real property facilities: *Provided*, That of the total amount of this appropriation made available for the alteration, overhaul, and repair of naval vessels, not more than [\$3,100,000,000] \$3,750,000,000 shall be available for the performance of such work in Navy shipyards: *Provided further*, That funds herein provided shall be available for payments in support of the LEASAT program in accordance with the terms of the Aide Memoire, dated January 5, 1981. (5 U.S.C. 503, 3101, 3109, 5342, 5702-04, 5724, 5730, 5742, 5912, 5941, 5943-44, 7903; 10 U.S.C. 140, 265, 276, 351, 951, 1037, 1071-85, 1125, 1481-88, 2110, 2127, 2602, 2632, 2674-75, 5012-13; 5031, 5151, 6022, 6028-29, 6153, 6201-03, 6951-52, 6968, 7041, 7043-44, 7085, 7202, 7205, 7207-09, 7212, 7214, 7229, 7293, 7297, 7303, 7361-62, 7391-92, 7394-96, 7421, 7432, 7571, 7580; 24 U.S.C. 14a, 16a, 21a, 21b, 37; 31 U.S.C. 1108; 33 U.S.C. 367; 37 U.S.C. 404; 39 U.S.C. 406, 2601, 3208; 44 U.S.C. 1321; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
17-1804-0-1-051			
Program by activities:			
Direct program:			
00.01 Strategic forces.....	1,661,594	1,946,104	2,271,597
00.02 General purpose forces.....	10,345,683	10,291,727	12,208,964
00.03 Intelligence and communications.....	927,266	1,051,356	1,147,927
00.04 Airlift and sealift.....		321,900	553,826
00.07 Central supply and maintenance.....	5,637,148	5,951,940	6,957,900
00.08 Training, medical, and other general personnel activities.....	1,841,664	1,988,960	2,399,152
00.09 Administration and associated activities.....	467,345	621,663	706,548
00.10 Support of other nations.....	189	2,478	2,512
00.90 Total direct program.....	20,880,889	22,176,128	26,248,426
01.01 Reimbursable program.....	2,886,301	3,023,340	3,149,512
10.00 Total obligations.....	23,767,190	25,199,468	29,397,938
Financing:			
Offsetting collections from:			
11.00 Federal funds.....	-2,738,078	-2,873,140	-2,992,312
13.00 Trust funds.....	-98,962	-100,200	-105,200
14.00 Non-Federal sources.....	-49,252	-50,000	-52,000
15.00 Off-budget Federal entities.....	-9		
22.40 Unobligated balance transferred, net.....	-38,100	-52,200	
22.40 Portion applied to meet foreign currency fluctuations in expired accounts.....		18,000	
25.00 Unobligated balance lapsing.....	227,798		
39.00 Budget authority.....	21,070,587	22,141,928	26,248,426
Budget authority:			
40.00 Appropriation.....	21,104,712	21,943,818	26,248,426
40.49 Portion applied to liquidate contract authority.....	-10,619		
40.50 Balance of appropriation to liquidate contract authority withdrawn.....	-14,381		
41.00 Transferred to other accounts.....	-9,125		
42.00 Transferred from other accounts.....		12,000	
43.00 Appropriation (adjusted).....	21,070,587	21,955,818	26,248,426

General and special funds—Continued

OPERATION AND MAINTENANCE, NAVY—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	17-1804-0-1-051	1983 actual	1984 est.	1985 est.
44.10	Supplemental for wage-board pay raises (pending).....		85,610	
44.20	Supplemental for civilian pay raises (pending).....		100,500	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	20,880,889	22,176,128	26,248,426
	Obligated balance, start of year:			
72.40	Appropriation.....	5,834,768	5,938,672	6,516,180
72.49	Contract authority.....	12,497		
74.40	Obligated balance, end of year:			
	Appropriation.....	-5,938,672	-6,516,180	-8,684,206
77.00	Adjustments in expired accounts.....	-88,169		
90.00	Outlays, excluding pay raise supplemental.....	20,701,314	21,414,930	24,077,980
91.10	Outlays from wage-board pay raise supplemental.....		84,500	1,110
91.20	Outlays from civilian pay raise supplemental.....		99,190	1,310

Status of Unfunded Contract Authority (in thousands of dollars)

Unfunded balance, start of year.....	12,497		
Appropriation to liquidate contract authority.....	-10,619		
Balance of contract authority withdrawn.....	-1,878		
Unfunded balance, end of year.....	0		

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	21,070,587	22,141,928	26,248,426
Outlays.....	20,701,314	21,598,620	24,080,400
Supplemental under existing legislation:			
Budget authority.....		116,800	
Outlays.....		84,680	25,700
Total:			
Budget authority.....	21,070,587	22,258,728	26,248,426
Outlays.....	20,701,314	21,683,300	24,106,100

Object Classification (in thousands of dollars)

Identification code	17-1804-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent.....	2,131,119	2,195,086	2,288,964
11.3	Other than full-time permanent.....	130,569	95,738	95,671
11.5	Other personnel compensation.....	102,252	97,312	99,289
11.8	Special personal services payments.....	1,490	2,000	2,000
11.9	Total personnel compensation.....	2,365,430	2,390,136	2,485,924
12.1	Personnel benefits: Civilian.....	281,849	286,710	316,825
13.0	Benefits for former personnel.....	20,478	4,163	20,901
21.0	Travel and transportation of persons.....	294,975	281,694	300,285
22.0	Transportation of things.....	485,724	503,188	464,350
23.1	Standard level user charges.....	50,756	54,684	57,267
23.2	Communications, utilities, and other rent.....	581,268	600,649	632,016
24.0	Printing and reproduction.....	49,071	28,310	35,594
Other services:				
25.0	Payments to foreign national indirect hire personnel.....	76,029	82,430	105,057
25.0	Purchases from industrial funds.....	6,500,534	7,147,977	8,384,119
25.0	Contracts.....	5,547,147	6,259,791	7,644,573
25.0	Other.....	134,580	166,316	159,556
26.0	Supplies and materials.....	4,328,733	4,198,544	5,443,735

31.0	Equipment.....	164,315	171,536	198,224
99.0	Subtotal, direct obligations.....	20,880,889	22,176,128	26,248,426
99.0	Reimbursable obligations.....	2,886,301	3,023,340	3,149,512
99.9	Total obligations.....	23,767,190	25,199,468	29,397,938

Personnel Summary

Total number of full-time permanent positions.....	105,301	109,445	111,401
Total compensable workyears:			
Full-time equivalent employment.....	123,511	121,020	123,270
Full-time equivalent of overtime and holiday hours.....	4,959	4,296	4,259

OPERATION AND MAINTENANCE, MARINE CORPS*

*See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Marine Corps, as authorized by law, [\$1,524,600,000] \$1,683,069,000, of which not less than [\$231,000,000] \$220,000,000 shall be available only for the maintenance of real property facilities. (5 U.S.C. 503, 3101, 3109, 5342, 5702-04, 5724-27, 5730, 5742, 5912, 5941, 5943, 5944, 7903; 10 U.S.C. 265, 276, 1037, 1071-85, 1125, 1481-88, 2110, 6911, 7214, 7571, 7580; 31 U.S.C. 1108; 37 U.S.C. 404-11; 39 U.S.C. 406, 2601, 3208; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	17-1106-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.02	General purpose forces.....	865,531	903,182	932,981
00.07	Central supply and maintenance.....	347,827	337,597	400,795
00.08	Training, medical, and other general personnel activities.....	192,990	211,484	241,465
00.09	Administration and associated activities.....	73,064	96,357	107,828
00.90	Total direct program.....	1,479,412	1,548,620	1,683,069
01.01	Reimbursable program.....	304,250	257,994	264,526
10.00	Total obligations.....	1,783,662	1,806,614	1,947,595
Financing:				
Offsetting collections from:				
11.00	Federal funds.....	-293,883	-245,220	-251,126
13.00	Trust funds.....	-854	-2,057	-2,158
14.00	Non-Federal sources.....	-9,454	-10,611	-11,131
15.00	Off-budget Federal entities.....	-59	-106	-111
17.00	Recovery of prior year obligations.....	-10,000		
22.40	Unobligated balance transferred, net.....	-7,349	-15,700	
25.00	Unobligated balance lapsing.....	1,408		
39.00	Budget authority.....	1,463,471	1,532,920	1,683,069

Budget authority:				
40.00	Appropriation.....	1,481,671	1,524,600	1,683,069
41.00	Transferred to other accounts.....	-18,200		
43.00	Appropriation (adjusted).....	1,463,471	1,524,600	1,683,069
44.10	Supplemental for wage-board pay raises (pending).....		3,915	
44.20	Supplemental for civilian pay raises (pending).....		4,405	

Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	1,479,412	1,548,620	1,683,069
72.40	Obligated balance, start of year.....	395,276	540,223	606,003
74.40	Obligated balance, end of year.....	-540,223	-606,003	-694,182
77.00	Adjustments in expired accounts.....	4,997		
78.00	Adjustments in unexpired accounts.....	-10,000		
90.00	Outlays, excluding pay raise supplemental.....	1,329,462	1,474,630	1,594,780

91.10	Outlays from wage-board pay raise supplemental.....	3,860	55
91.20	Outlays from civilian pay raise supplemental.....	4,350	55

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority	1,463,471	1,532,920	1,683,069
Outlays	1,329,462	1,482,840	1,594,890
Supplemental under existing legislation:			
Budget authority	14,500		
Outlays	9,960	3,610	
Total:			
Budget authority	1,463,471	1,547,420	1,683,069
Outlays	1,329,462	1,492,800	1,598,500

Object Classification (in thousands of dollars)

Identification code	17-1106-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Personnel compensation:				
11.1 Full-time permanent	263,586	295,506	305,084	
11.3 Other than full-time permanent	19,708	8,954	8,736	
11.5 Other personnel compensation	8,324	5,073	5,879	
11.9 Total personnel compensation	291,618	309,533	319,699	
12.1 Personnel benefits: Civilian	35,332	33,118	37,014	
21.0 Travel and transportation of persons	72,555	62,474	67,906	
22.0 Transportation of things	51,228	68,993	80,457	
23.2 Communications, utilities, and other rent	125,907	134,731	142,999	
24.0 Printing and reproduction	7,420	7,308	7,957	
Other services:				
25.0 Payments to foreign national indirect hire personnel	45,072	58,811	71,369	
25.0 Purchases from industrial funds	115,103	108,510	143,126	
25.0 Contracts	313,351	374,461	405,242	
26.0 Supplies and materials	377,552	350,771	359,139	
31.0 Equipment	44,274	39,910	48,161	
99.0 Subtotal, direct obligations	1,479,412	1,548,620	1,683,069	
99.0 Reimbursable obligations	304,250	257,994	264,526	
99.9 Total obligations	1,783,662	1,806,614	1,947,595	

Personnel Summary

Total number of full-time permanent positions.....	14,845	15,997	16,379
Total compensable workyears:			
Full-time equivalent employment	16,319	16,472	16,706
Full-time equivalent of overtime and holiday hours	163	116	128

OPERATION AND MAINTENANCE, AIR FORCE*

*See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance of the Air Force, as authorized by law, including the lease and associated maintenance of replacement aircraft for the CT-39 aircraft to the same extent and manner as authorized for service contracts by section 2306(g), title 10, United States Code, and not to exceed [\$4,770,000] \$4,682,000 can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of the Air Force, and payments may be made on his certificate of necessity for confidential military purposes, [\$17,573,895,000] \$20,234,500,000, of which not less than [\$1,217,200,000] \$1,250,000,000 shall be available only for the maintenance of real property facilities. (5 U.S.C. 503, 3101, 3109, 4101-18, 4501-03, 4507, 5104, 5332-36, 5112-18, 5382-85, 5401-05, 5521-27, 5541-50a, 5551-52, 5561-68, 5595-96, 5702-04, 5722-33, 5742, 5752, 5911, 5912, 5921-26, 5941, 5943, 5944, 7901, 7903; 10 U.S.C. 122, 140, 503, 717, 951-55, 1037, 1040, 1071-89, 1121-26, 1481-88, 2002, 2101-11,

2112-17, 2120-27, 2389, 2421, 2481, 2602, 2632-34, 2663, 2674, 2675, 8012, 8541, 8542, 8547, 8721-23, 8741-52, 9022, 9025, 9301-04, 9305, 9315, 9331-37, 9341-55, 9411-14, 9441, 9501, 9502, 9505, 9531, 9536, 9561, 9562, 9563, 9651-56, 9712, 9741, 9742, 9743, 9746, 9780; 20 U.S.C. 901-07; 37 U.S.C. 201, 421, 404-11; 38 U.S.C. 5011; 39 U.S.C. 406, 3401-02; 40 U.S.C. 35; 42 U.S.C. 1856-56d, 3374, 315q; 43 U.S.C. 1241-43; 44 U.S.C. 1108; 50 U.S.C. 451-55, 491-94; Public Law 94-524 (18 U.S.C. 3056 note); Public Law 97-252; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	57-3400-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01 Strategic forces	3,075,333	3,038,056	3,223,340	
00.02 General purpose forces	3,759,439	3,851,329	4,138,079	
00.03 Intelligence and communications	1,420,850	1,723,981	2,225,000	
00.04 Airlift and sealift	1,158,183	1,217,177	1,309,107	
00.07 Central supply and maintenance	5,419,321	5,371,926	6,700,750	
00.08 Training, medical, and other general personnel activities	1,943,301	1,954,854	2,064,259	
00.09 Administration and associated activities	395,041	521,312	565,923	
00.10 Support of other nations	7,134	7,460	8,042	
00.90 Total direct program	17,178,602	17,686,095	20,234,500	
01.01 Reimbursable program	1,405,316	1,550,000	1,625,000	
10.00 Total obligations	18,583,918	19,236,095	21,859,500	
Financing:				
Offsetting collections from:				
11.00 Federal funds	-1,049,337	-1,131,500	-1,186,250	
13.00 Trust funds	-295,053	-325,500	-341,250	
14.00 Non-Federal sources	-60,058	-93,000	-97,500	
15.00 Off-budget Federal entities	-85			
17.00 Recovery of prior year obligations	-25,000			
22.40 Unobligated balance transferred, net	-123,300	-16,500		
25.00 Unobligated balance lapsing	26,041			
39.00 Budget authority	17,057,126	17,669,595	20,234,500	
Budget authority:				
40.00 Appropriation	16,916,076	17,573,895	20,234,500	
42.00 Transferred from other accounts	141,050	700		
43.00 Appropriation (adjusted)	17,057,126	17,574,595	20,234,500	
44.10 Supplemental for wage-board pay raises (pending)		27,000		
44.20 Supplemental for civilian pay raises (pending)		68,000		
Relation of obligations to outlays:				
71.00 Obligations incurred, net	17,179,385	17,686,095	20,234,500	
72.40 Obligated balance, start of year	3,415,155	3,910,223	4,412,468	
74.40 Obligated balance, end of year	-3,910,223	-4,412,468	-5,042,918	
77.00 Adjustments in expired accounts	-64,473			
78.00 Adjustments in unexpired accounts	-25,000			
90.00 Outlays, excluding pay raise supplemental	16,594,844	17,090,080	19,602,820	
91.10 Outlays from wage-board pay raise supplemental		26,650	350	
91.20 Outlays from civilian pay raise supplemental		67,120	880	

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority	17,057,126	17,669,595	20,234,500
Outlays	16,594,844	17,183,850	19,604,050

General and special funds—Continued

OPERATION AND MAINTENANCE, AIR FORCE—Continued

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS—Continued

[In thousands of dollars]			
	1983 actual	1984 estimate	1985 estimate
Supplemental under existing legislation:			
Budget authority		44,500	
Outlays		36,050	7,050
Total:			
Budget authority	17,057,126	17,714,095	20,234,500
Outlays	16,594,844	17,219,900	19,611,100
Object Classification (in thousands of dollars)			
Identification code 57-3400-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	2,653,205	2,565,552	2,613,447
11.3 Other than full-time permanent	93,643	90,549	92,449
11.5 Other personnel compensation	62,428	60,366	61,632
11.9 Total personnel compensation	2,809,276	2,716,467	2,767,528
12.1 Civilian personnel	312,142	301,830	307,502
13.0 Benefits for former personnel	3,533	10,834	20,508
21.0 Travel and transportation of persons	436,052	456,176	484,874
22.0 Transportation of things	708,280	787,562	849,100
23.1 Standard level user charges	14,231	15,059	16,078
23.2 Communications, utilities and other rent	1,017,940	1,219,171	1,378,738
24.0 Printing and reproduction	46,488	54,228	58,268
Other services:			
25.0 Payments to foreign national indirect hire personnel	150,569	172,061	195,495
25.0 Purchases from industrial funds	3,568,188	3,875,796	4,412,876
25.0 Contracts	3,563,355	3,343,927	4,553,901
26.0 Supplies and materials	4,324,404	4,499,209	4,912,167
31.0 Equipment	162,968	160,475	202,747
41.0 Grants, subsidies, and contributions	4	5	6
42.0 Insurance claims and indemnities	61,172	73,295	74,712
99.0 Total direct obligations	17,178,602	17,686,095	20,234,500
99.0 Reimbursable obligations	1,405,316	1,550,000	1,625,000
99.9 Total obligations	18,583,918	19,236,095	21,859,500

Personnel Summary

Total number of full-time permanent positions	124,028	126,880	129,986
Total compensable workyears:			
Full-time equivalent employment	133,154	136,048	140,382
Full-time equivalent of overtime and holiday hours	1,940	1,982	2,008

OPERATION AND MAINTENANCE, DEFENSE AGENCIES*

*See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance of activities and agencies of the Department of Defense (other than the military departments), as authorized by law, **[\$6,446,652,000]** \$7,338,370,000, of which not to exceed **[\$8,571,000]** \$9,956,000, can be used for emergencies and extraordinary expenses, to be expended on the approval or authority of the Secretary of Defense, and payments may be made on his certificate of necessity for confidential military purposes: *Provided, That not to exceed \$50,000,000 can be used by Commanders-in-Chief of the Unified and Specified Commands for expenses to improve force readiness, war-fighting effectiveness, and efficiency of operations, for purposes for which expenditures are specifically authorized in other operation and maintenance and procurement appropriations of the Department of Defense, to be expended on the approval or authority of the Chairman of the Joint Chiefs of Staff. Of the total amount of this appropriation, not less than [\$78,000,000] \$95,548,000 shall be available only for the maintenance of real property facilities. (Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)*

Program and Financing (in thousands of dollars)

Identification code 97-0100-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:			
Direct program:			
00.02 General purpose forces: Joint Chiefs of Staff	244,438	280,300	375,227
Intelligence and communications:			
00.03 Defense Investigative Service	100,253	106,618	109,355
00.03 Defense Mapping Agency	381,800	424,960	462,529
00.03 Defense Nuclear Agency	40,927	45,093	49,433
00.03 Intelligence and communications activities	1,440,737	1,702,467	1,981,171
00.07 Central supply and maintenance: Defense Logistics Agency	1,398,379	1,524,956	1,675,560
Training, medical, and other general personnel activities:			
00.08 Department of Defense dependents schools	514,323	598,268	623,190
00.08 American Forces Information Service	39,590	48,735	52,552
00.08 Medical Information System	51,483	60,452	64,338
00.08 Uniformed Services University of the Health Sciences	27,222	29,461	30,250
00.08 Civilian health and medical program of the uniformed services	1,190,025	1,305,971	1,436,981
Administration and associated activities:			
00.09 Secretary of Defense	98,673	112,524	133,649
00.09 Office of Economic Adjustment	2,380	2,526	2,711
00.09 Defense Audio Visual Agency	20,513	22,136	22,240
00.09 Washington Headquarters Service	62,124	69,318	82,239
00.09 Joint Chiefs of Staff	20,461	25,050	42,069
00.09 Defense Contract Audit Agency	119,599	134,526	142,038
00.09 Defense Legal Services Agency	2,400	2,598	2,444
00.09 Office of the Inspector General	32,001	47,523	50,394
00.90 Total direct program	5,787,328	6,543,482	7,338,370
01.01 Reimbursable program	342,529	450,656	475,632
10.00 Total obligations	6,129,857	6,994,138	7,814,002
Financing:			
Offsetting collections from:			
11.00 Federal funds	-283,323	-394,003	-417,454
13.00 Trust funds	-40,660	-42,118	-42,569
14.00 Non-Federal sources	-17,835	-13,732	-14,774
15.00 Off-budget Federal entities	-826	-803	-835
17.00 Recovery of prior year obligations	-3,711		
22.40 Unobligated balance transferred, net	-25,789	-1,200	
25.00 Unobligated balance lapsing	29,496		
39.00 Budget authority	5,787,210	6,542,282	7,338,370
Budget authority:			
40.00 Appropriation	5,715,778	6,446,652	7,338,370
41.00 Transferred to other accounts	-2,400		
42.00 Transferred from other accounts	73,832	3,000	
43.00 Appropriation (adjusted)	5,787,210	6,449,652	7,338,370
44.10 Supplemental for wage-board pay raises (pending)		7,731	
44.20 Supplemental for civilian pay raises (pending)		84,899	
Relation of obligations to outlays:			
71.00 Obligations incurred, net	5,787,213	6,543,482	7,338,370
72.40 Obligated balance, start of year	842,442	849,431	1,036,363
74.40 Obligated balance, end of year	-849,431	-1,036,363	-1,230,973
77.00 Adjustments in expired accounts	-51,128		
78.00 Adjustments in unexpired accounts	-3,711		
90.00 Outlays, excluding pay raise supplemental	5,725,385	6,265,120	7,142,560
91.10 Outlays from wage-board pay raise supplemental		7,630	101
91.20 Outlays from civilian pay raise supplemental		83,800	1,099

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

	[In thousands of dollars]		
	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority	5,787,210	6,542,282	7,338,370
Outlays	5,725,385	6,356,550	7,143,760
Supplemental under existing legislation:			
Budget authority		20,400	
Outlays		17,750	2,240
Total:			
Budget authority	5,787,210	6,562,682	7,338,370
Outlays	5,725,385	6,374,300	7,146,000

Object Classification (in thousands of dollars)

Identification code 97-0100-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1,754,944	1,945,503	2,073,940
11.3 Other than full-time permanent	34,049	31,385	31,999
11.5 Other personnel compensation	46,673	49,940	50,387
11.8 Special personal services payments	25,402	28,488	30,152
11.9 Total personnel compensation	1,861,068	2,055,316	2,186,478
12.1 Personnel benefits: Civilian	235,865	237,614	264,652
13.0 Benefits for former personnel	330	312	302
21.0 Travel and transportation of persons	100,473	139,119	154,384
22.0 Transportation of things	39,070	50,040	53,380
23.1 Standard level user charges	42,715	53,037	55,252
23.2 Communications, utilities, and other rent	305,545	384,417	384,697
24.0 Printing and reproduction	22,180	22,865	24,873
Other services:			
25.0 Payments to foreign national indirect hire personnel	24,858	36,071	38,075
25.0 Purchases from industrial funds	249,670	286,064	331,368
25.0 Contracts	656,905	819,533	1,116,530
25.0 Other	2,033,826	2,216,446	2,460,428
26.0 Supplies and materials	172,168	187,452	204,350
31.0 Equipment	41,950	54,409	62,726
41.0 Grants, subsidies, and contributions	705	787	875
99.0 Subtotal, direct obligations	5,787,327	6,543,482	7,338,370
99.0 Reimbursable obligations	342,530	450,656	475,632
99.9 Total obligations	6,129,857	6,994,138	7,814,002

Personnel Summary

Total number of full-time permanent positions	77,215	82,866	84,156
Total compensable workyears:			
Full-time equivalent employment	78,278	84,627	85,935
Full-time equivalent of overtime and holiday hours	1,123	1,561	1,850

OPERATION AND MAINTENANCE, ARMY RESERVE*

*See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Army Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, **[\$683,850,000]** **\$715,450,000**, of which not less than **[\$39,000,000]** **\$42,485,000** shall be available only for maintenance of real property facilities. (5 U.S.C. 3101, 3109, 5702-04, 5724-27, 5730, 5742, 7903; 10 U.S.C. 1481-88, 3012-13, 3062, 4302, 4411-14, 4741; 37 U.S.C. 404; Department of Defense Appropriation Act, 1984, additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2080-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:			
Direct program:			
00.01 Mission forces	427,759	391,797	405,569
00.02 Depot maintenance	8,408	8,810	8,656
00.03 Other support	268,743	289,983	301,225
00.90 Total direct program	704,910	690,590	715,450
01.01 Reimbursable program	20,483	15,399	15,433
10.00 Total obligations	725,393	705,989	730,883
Financing:			
Offsetting collections from:			
11.00 Federal funds	-19,096	-13,201	-13,223
13.00 Trust funds	-171	-1,426	-1,438
14.00 Non-Federal sources	-1,216	-772	-772
25.00 Unobligated balance lapsing	674		
39.00 Budget authority	705,584	690,590	715,450
Budget authority:			
40.00 Appropriation	705,584	683,850	715,450
44.10 Supplemental for wage-board pay raises (pending)		1,000	
44.20 Supplemental for civilian pay raises (pending)		5,740	
Relation of obligations to outlays:			
71.00 Obligations incurred, net	704,910	690,590	715,450
72.40 Obligated balance, start of year	113,616	153,764	183,024
74.40 Obligated balance, end of year	-153,764	-183,024	-197,734
77.00 Adjustments in expired accounts	-9,723		
90.00 Outlays, excluding pay raise supplemental	655,039	654,670	700,660
91.10 Outlays from wage-board pay raise supplemental		990	10
91.20 Outlays from civilian pay raise supplemental		5,670	70

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

	[In thousands of dollars]		
	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority	705,584	690,590	715,450
Outlays	655,039	661,330	700,740
Supplemental under existing legislation:			
Budget authority		1,300	
Outlays		1,070	160
Total:			
Budget authority	705,584	691,890	715,450
Outlays	655,039	662,400	700,900

Object Classification (in thousands of dollars)

Identification code 21-2080-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	235,103	263,739	279,642
11.3 Other than full-time permanent	20,349	10,920	10,963
11.5 Other personnel compensation	4,293	1,986	2,027
11.9 Total personnel compensation	259,745	276,645	292,632
12.1 Personnel benefits: Civilian	31,942	36,228	41,244
13.0 Benefits for former personnel	93	145	148
21.0 Travel and transportation of persons	53,663	62,631	60,517
22.0 Transportation of things	1,655	1,315	1,269
23.2 Communications, utilities, and other rent	50,719	53,788	58,047
24.0 Printing and reproduction	5,130	5,748	6,458
Other services:			
25.0 Payments to foreign national indirect hire personnel	63	76	73
25.0 Purchases from industrial funds	8,408	8,867	8,658

General and special funds—Continued

OPERATION AND MAINTENANCE, ARMY RESERVE—Continued

Object Classification (in thousands of dollars)—Continued

Identification code	21-2080-0-1-051	1983 actual	1984 est.	1985 est.
25.0	Contracts.....	97,424	108,517	107,536
26.0	Supplies and materials.....	179,041	111,587	120,248
31.0	Equipment.....	15,847	23,804	17,319
32.0	Lands and structures.....	1,180	1,239	1,301
99.0	Subtotal, direct obligations.....	704,910	690,590	715,450
99.0	Reimbursable obligations.....	20,483	15,399	15,433
99.9	Total obligations.....	725,393	705,989	730,883

Personnel Summary

Total number of full-time permanent positions.....	11,771	13,664	13,704
Total compensable workyears:			
Full-time equivalent employment.....	13,042	13,076	13,672
Full-time equivalent of overtime and holiday hours.....	108	76	78

OPERATION AND MAINTENANCE, NAVY RESERVE*

*See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Navy Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, [\$634,500,000] \$829,531,000, of which not less than [\$29,500,000] \$37,000,000 shall be available only for the maintenance of real property facilities. (10 U.S.C. 262, 276, 503, 1481-88, 2110, 2202, 2231, 2233a, 2631-34, 5012, 5031, 5251, 6022; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	17-1806-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Mission forces.....	361,132	373,141	477,651
00.02	Depot maintenance.....	106,732	90,518	153,976
00.03	Other support.....	149,483	172,331	197,904
00.90	Total direct program.....	617,347	635,990	829,531
01.01	Reimbursable program.....	20,551	16,200	13,100
10.00	Total obligations.....	637,898	652,190	842,631
Financing:				
Offsetting collections from:				
11.00	Federal funds.....	-18,959	-15,198	-12,008
13.00	Trust funds.....	-40		
14.00	Non-Federal sources.....	-1,552	-1,002	-1,092
25.00	Unobligated balance lapsing.....	12,061		
39.00	Budget authority.....	629,407	635,990	829,531
Budget authority:				
40.00	Appropriation.....	637,507	634,500	829,531
41.00	Transferred to other accounts.....	-8,100		
43.00	Appropriation (adjusted).....	629,407	634,500	829,531
44.10	Supplemental for wage-board pay raises (pending).....		865	
44.20	Supplemental for civilian pay raises (pending).....		625	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	617,347	635,990	829,531
72.40	Obligated balance, start of year.....	195,617	208,578	241,618
74.40	Obligated balance, end of year.....	-208,578	-241,618	-314,059

77.00	Adjustments in expired accounts.....	-18,619		
90.00	Outlays, excluding pay raise supplemental.....	585,767	601,480	757,070
91.10	Outlays from wage-board pay raise supplemental.....		850	15
91.20	Outlays from civilian pay raise supplemental.....		620	5

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

Enacted/requested:	1983 actual	1984 estimate	1985 estimate
Budget authority.....	629,407	635,990	829,531
Outlays.....	585,767	602,950	757,090
Supplemental under existing legislation:			
Budget authority.....		500	
Outlays.....		350	110
Total:			
Budget authority.....	629,407	636,490	829,531
Outlays.....	585,767	603,300	757,200

Object Classification (in thousands of dollars)

Identification code	17-1806-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent.....	53,479	54,721	56,931
11.3	Other than full-time permanent.....	1,226	280	273
11.5	Other personnel compensation.....	2,049	1,984	2,054
11.9	Total personnel compensation.....	56,754	56,985	59,258
12.1	Personnel benefits: Civilian.....	6,644	6,705	7,533
21.0	Travel and transportation of persons.....	7,878	9,068	12,858
22.0	Transportation of things.....	1,172	760	825
23.2	Communications, utilities, and other rent.....	25,595	28,345	31,363
24.0	Printing and reproduction.....	1,053	1,043	1,407
Other services:				
25.0	Purchases from industrial funds.....	114,144	105,158	133,245
25.0	Contracts.....	151,302	205,409	257,278
25.0	Other.....	4,934	6,334	8,527
26.0	Supplies and materials.....	240,838	207,369	307,671
31.0	Equipment.....	7,033	8,814	9,566
99.0	Subtotal, direct obligations.....	617,347	635,990	829,531
99.0	Reimbursable obligations.....	20,551	16,200	13,100
99.9	Total obligations.....	637,898	652,190	842,631

Personnel Summary

Total number of full-time permanent positions.....	2,820	3,044	3,065
Total compensable workyears:			
Full-time equivalent employment.....	3,019	2,988	3,011
Full-time equivalent of overtime and holiday hours.....	25	23	23

OPERATION AND MAINTENANCE, MARINE CORPS RESERVE

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Marine Corps Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications, [\$52,129,000] \$53,642,000, of which not less than [\$2,200,000] \$2,765,000 shall be available only for the maintenance of real property facilities. (10 U.S.C. 262, 276, 503, 1481-88, 2110, 2202, 2231, 2233a, 2631-34, 5013, 5031, 5252, 6022; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1107-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:			
Direct program:			
00.01 Mission forces.....	25,882	25,891	29,106
00.02 Depot maintenance.....	1,513	1,589	1,665
00.03 Other support.....	23,058	24,869	27,871
00.90 Total direct program.....	50,453	52,349	58,642
01.01 Reimbursable program.....	686	833	850
10.00 Total obligations.....	51,139	53,182	59,492
Financing:			
11.00 Offsetting collections from: Federal funds...	— 686	— 833	— 850
25.00 Unobligated balance lapsing.....	641		
39.00 Budget authority.....	51,094	52,349	58,642
Budget authority:			
40.00 Appropriation.....	51,094	52,129	58,642
44.20 Supplemental for civilian pay raises (pending).....		220	
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	50,453	52,349	58,642
72.40 Obligated balance, start of year.....	19,209	25,837	29,386
74.40 Obligated balance, end of year.....	— 25,837	— 29,386	— 35,028
77.00 Adjustments in expired accounts.....	— 1,549		
90.00 Outlays, excluding pay raise supplemental.....	42,276	48,580	53,000
91.20 Outlays from civilian pay raise supplemental.....		220	
Object Classification (in thousands of dollars)			
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent.....	2,519	3,500	3,529
11.5 Other personnel compensation.....	125	18	18
11.9 Total personnel compensation.....	2,644	3,518	3,547
12.1 Personnel benefits: Civilian.....	301	397	421
21.0 Travel and transportation of persons.....	5,546	3,536	4,185
22.0 Transportation of things.....	2,345	2,287	2,713
23.2 Communications, utilities, and other rent.....	6,266	6,227	6,404
24.0 Printing and reproduction.....	259	207	219
Other services:			
25.0 Purchases from industrial funds.....	1,513	1,589	1,665
25.0 Contracts.....	10,251	13,001	15,021
26.0 Supplies and materials.....	18,420	20,353	22,551
31.0 Equipment.....	2,908	1,234	1,916
99.0 Subtotal, direct obligations.....	50,453	52,349	58,642
99.0 Reimbursable obligations.....	686	833	850
99.9 Total obligations.....	51,139	53,182	59,492
Personnel Summary			
Total number of full-time permanent positions.....	175	213	223
Total compensable workyears:			
Full-time equivalent employment.....	165	207	212
Full-time equivalent of overtime and holiday hours.....	6	2	2

OPERATION AND MAINTENANCE, AIR FORCE RESERVE*

*See Part II for additional information.

For expenses, not otherwise provided for, necessary for the operation and maintenance, including training, organization, and administration, of the Air Force Reserve; repair of facilities and equipment; hire of passenger motor vehicles; travel and transportation; care of the dead; recruiting; procurement of services, supplies, and equipment; and communications; [\$781,600,000] \$883,461,000, of which not

less than [\$19,000,000] \$20,200,000 shall be available only for the maintenance of real property facilities. (5 U.S.C. 3101, 3109, 4101-18, 4501-03, 5332-36, 5702-04, 5722-31, 5742, 5911, 5941, 7903; 10 U.S.C. 264, 276, 510-11, 1124, 1481-88, 2231-37, 8012, 8541-42, 8721-23, 9301-04, 9315, 9411-14, 9531, 9536, 9561-63, 9593, 9741, 9743; 37 U.S.C. 404-11; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3740-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:			
Direct program:			
00.01 Mission forces.....	530,794	516,865	580,030
00.02 Depot maintenance.....	105,275	131,149	153,212
00.03 Other support.....	125,854	140,086	150,219
00.90 Total direct program.....	761,923	788,100	883,461
01.01 Reimbursable program.....	6,733	7,200	7,500
10.00 Total obligations.....	768,656	795,300	890,961
Financing:			
Offsetting collections from:			
11.00 Federal funds.....	— 5,429	— 6,144	— 6,400
14.00 Non-Federal sources.....	— 1,308	— 1,056	— 1,100
25.00 Unobligated balance lapsing.....	3,816		
39.00 Budget authority.....	765,735	788,100	883,461
Budget authority:			
40.00 Appropriation.....	765,735	781,600	883,461
44.10 Supplemental for wage-board pay raises (pending).....		2,800	
44.20 Supplemental for civilian pay raises (pending).....		3,700	
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	761,919	788,100	883,461
72.40 Obligated balance, start of year.....	56,460	71,764	84,744
74.40 Obligated balance, end of year.....	— 71,764	— 84,744	— 99,505
77.00 Adjustments in expired accounts.....	— 2,361		
90.00 Outlays, excluding pay raise supplemental.....	744,254	768,700	868,620
91.10 Outlays from wage-board pay raise supplemental.....		2,760	40
91.20 Outlays from civilian pay raise supplemental.....		3,660	40
SUMMARY OF BUDGET AUTHORITY AND OUTLAYS			
[In thousands of dollars]			
	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	765,735	788,100	883,461
Outlays.....	744,254	775,120	868,700
Supplemental under existing legislation:			
Budget authority.....		2,600	
Outlays.....		2,380	200
Total:			
Budget authority.....	765,735	790,700	883,461
Outlays.....	744,254	777,500	868,900

Object Classification (in thousands of dollars)

Identification code 57-3740-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent.....	270,189	283,732	294,705
11.5 Other personnel compensation.....	5,026	5,266	5,658
11.9 Total personnel compensation.....	275,215	288,998	300,363
12.1 Personnel benefits: Civilian.....	34,040	36,361	39,542
13.0 Benefits for former personnel.....	121	126	128
21.0 Travel and transportation of persons.....	4,631	6,527	7,247
22.0 Transportation of things.....	3,979	9,598	12,743

General and special funds—Continued

OPERATION AND MAINTENANCE, AIR FORCE RESERVE—Continued

Object Classification (in thousands of dollars)—Continued

Identification code	57-3740-0-1-051	1983 actual	1984 est.	1985 est.
23.2	Communications, utilities, and other			
	rent.....	12,163	15,702	18,715
24.0	Printing and reproduction.....	423	597	720
	Other services:			
25.0	Purchases from industrial funds.....	193,817	207,124	249,179
25.0	Contracts.....	33,732	35,011	39,187
25.0	Other.....	2,150	3,665	4,603
26.0	Supplies and materials.....	196,252	178,406	205,016
31.0	Equipment.....	5,400	5,985	6,018
99.0	Subtotal, direct obligations.....	761,923	788,100	883,461
99.0	Reimbursable obligations.....	6,733	7,200	7,500
99.9	Total obligations.....	768,656	795,300	890,961

Personnel Summary

Total number of full-time permanent positions.....	12,280	12,627	12,910
Total compensable workyears:			
Full-time equivalent employment.....	12,062	12,345	12,863
Full-time equivalent of overtime and holiday hours.....	125	125	125

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD*

*See Part II for additional information.

For expenses of training, organizing, and administering the Army National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, and repairs to structures and facilities; hire of passenger motor vehicles; personnel services in the National Guard Bureau; travel expenses (other than mileage), as authorized by law for Army personnel on active duty, for Army National Guard division, regimental, and battalion commanders while inspecting units in compliance with National Guard regulations when specifically authorized by the Chief, National Guard Bureau; supplying and equipping the Army National Guard as authorized by law; and expenses of repair, modification, maintenance, and issue of supplies and equipment (including aircraft). [\$1,170,190,000] \$1,404,643,000, of which not less than [\$40,000,000] \$44,000,000 shall be available only for the maintenance of real property facilities. (5 U.S.C. §101, §109, §101-18, §501-02, §532-36, §702-04, §742, §911, §941, §903; 10 U.S.C. §261-80, §231-38, §2511, §4651; 32 U.S.C. §701-02, §709; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-2065-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Training operations.....	201,274	200,936	226,535
00.02	Logistical support.....	905,444	882,446	1,047,770
00.03	Headquarters and command support.....	72,515	89,397	117,429
00.04	Medical support.....	7,842	10,361	12,909
00.90	Total direct program.....	1,187,075	1,183,140	1,404,643
01.01	Reimbursable program.....	21,844	24,385	24,957
10.00	Total obligations.....	1,208,919	1,207,525	1,429,600
Financing:				
Offsetting collections from:				
11.00	Federal funds.....	-21,244	-23,653	-24,152
14.00	Non-Federal sources.....	-600	-732	-805
25.00	Unobligated balance lapsing.....	7,992		
39.00	Budget authority.....	1,195,067	1,183,140	1,404,643
Budget authority:				
40.00	Appropriation.....	1,195,067	1,170,190	1,404,643

44.10	Supplemental for wage-board pay raises (pending).....	2,000		
44.20	Supplemental for civilian pay raises (pending).....	10,950		
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	1,187,075	1,183,140	1,404,643
72.40	Obligated balance, start of year.....	221,197	246,793	264,433
74.40	Obligated balance, end of year.....	-246,793	-264,433	-323,496
77.00	Adjustments in expired accounts.....	-24,899		
90.00	Outlays, excluding pay raise supplemental.....	1,136,581	1,152,720	1,345,410
91.10	Outlays from wage-board pay raise supplemental.....		1,970	30
91.20	Outlays from civilian pay raise supplemental.....		10,810	140

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	1,195,067	1,183,140	1,404,643
Outlays.....	1,136,581	1,165,500	1,345,580
Supplemental under existing legislation:			
Budget authority.....		4,300	
Outlays.....		3,500	720
Total:			
Budget authority.....	1,195,067	1,187,440	1,404,643
Outlays.....	1,136,581	1,169,000	1,346,300

Object Classification (in thousands of dollars)

Identification code	21-2065-01-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent.....	517,964	551,335	574,358
11.3	Other than full-time permanent.....	6,662	7,104	6,757
11.5	Other personnel compensation.....	156	158	157
11.9	Total personnel compensation.....	524,782	558,597	581,272
12.1	Personnel benefits: Civilian.....	71,411	78,202	91,849
13.0	Benefits for former personnel.....	628	512	547
21.0	Travel and transportation of persons.....	13,107	17,453	21,779
22.0	Transportation of things.....	13,042	12,989	14,152
23.2	Communications, utilities, and other rent.....	19,834	20,845	26,355
24.0	Printing and reproduction.....	4,329	5,800	7,652
Other services:				
25.0	Purchases from industrial funds.....	44,911	44,631	67,120
25.0	Contracts.....	125,523	133,302	170,225
26.0	Supplies and materials.....	242,956	204,604	277,614
31.0	Equipment.....	126,552	106,205	146,078
99.0	Subtotal, direct obligations.....	1,187,075	1,183,140	1,404,643
99.0	Reimbursable obligations.....	21,844	24,385	24,957
99.9	Total obligations.....	1,208,919	1,207,525	1,429,600

Personnel Summary

Total number of full-time permanent positions.....	22,148	24,293	24,569
Total compensable workyears:			
Full-time equivalent employment.....	22,929	23,884	24,568
Full-time equivalent of overtime and holiday hours.....	99	99	99

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD*

*See Part II for additional information.

For operation and maintenance of the Air National Guard, including medical and hospital treatment and related expenses in non-Federal hospitals; maintenance, operation, repair, and other necessary expenses of facilities for the training and administration of the

Air National Guard, including repair of facilities, maintenance, operation, and modification of aircraft; transportation of things; hire of passenger motor vehicles; supplies, materials, and equipment, as authorized by law for the Air National Guard; and expenses incident to the maintenance and use of supplies, materials, and equipment, including such as may be furnished from stocks under the control of agencies of the Department of Defense; travel expenses (other than mileage) on the same basis as authorized by law for Air National Guard personnel on active Federal duty, for Air National Guard commanders while inspecting units in compliance with National Guard regulations when specifically authorized by the Chief, National Guard Bureau; [\$1,789,300,000] \$1,862,148,000, of which not less than [\$38,800,000] \$43,700,000 shall be available only for the maintenance of real property facilities. (5 U.S.C. 3101, 3109, 4101-18, 4501-03, 5332-36, 5702-04, 5722-31, 5742, 5911, 5941, 7903; 10 U.S.C. 261-280, 2231-38, 2511, 8012, 8721-22, 9741, 9743; 32 U.S.C. 106, 107, 320, 701-03, 709; 37 U.S.C. 404-11; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	57-3840-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Direct program:				
00.01	Mission forces.....	1,370,829	1,288,594	1,392,737
00.02	Depot maintenance.....	343,815	402,690	345,593
00.03	Other support.....	100,617	112,716	123,818
00.90	Total direct program.....	1,815,261	1,804,000	1,862,148
01.01	Reimbursable program.....	16,183	17,500	18,024
10.00	Total obligations.....	1,831,444	1,821,500	1,880,172
Financing:				
Offsetting collections from:				
11.00	Federal funds.....	-14,147	-15,393	-15,770
14.00	Non-Federal sources.....	-2,052	-2,107	-2,254
25.00	Unobligated balance lapsing.....	7,358		
39.00	Budget authority.....	1,822,603	1,804,000	1,862,148
Budget authority:				
40.00	Appropriation.....	1,822,603	1,789,300	1,862,148
44.10	Supplemental for wage-board pay raises (pending).....		8,400	
44.20	Supplemental for civilian pay raises (pending).....		6,300	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	1,815,245	1,804,000	1,862,148
72.40	Obligated balance, start of year.....	151,568	196,722	227,042
74.40	Obligated balance, end of year.....	-196,722	-227,042	-254,320
77.00	Adjustments in expired accounts.....	-2,793		
90.00	Outlays, excluding pay raise supplemental.....	1,767,298	1,759,170	1,834,680
91.10	Outlays for wage-board pay raise supplemental.....		8,290	110
91.20	Outlays from civilian pay raise supplemental.....		6,220	80

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	1,822,603	1,804,000	1,862,148
Outlays.....	1,767,298	1,773,680	1,834,870
Supplemental under existing legislation:			
Budget authority.....		2,600	
Outlays.....		2,320	230
Total:			
Budget authority.....	1,822,603	1,806,600	1,862,148
Outlays.....	1,767,298	1,776,000	1,835,100

Object Classification (in thousands of dollars)

Identification code	57-3840-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent.....	565,490	582,988	594,564
11.5	Other personnel compensation.....	4,337	4,669	4,763
11.9	Total personnel compensation.....	569,827	587,657	599,327
12.1	Personnel benefits: Civilian.....	71,136	76,424	83,113
13.0	Benefits for former personnel.....	152	234	234
21.0	Travel and transportation of persons.....	12,693	13,438	13,057
22.0	Transportation of things.....	11,340	12,962	15,258
23.2	Communications, utilities, and other rent.....	36,945	42,859	53,611
24.0	Printing and reproduction.....	691	1,031	1,131
Other services:				
25.0	Purchases from industrial funds.....	333,479	390,322	333,164
25.0	Contracts.....	18,026	22,500	34,025
25.0	Other.....	100,365	106,207	114,047
26.0	Supplies and materials.....	638,690	535,334	599,334
31.0	Equipment.....	21,917	15,032	15,847
99.0	Subtotal, direct obligations.....	1,815,261	1,804,000	1,862,148
99.0	Reimbursable obligations.....	16,183	17,500	18,024
99.9	Total obligations.....	1,831,444	1,821,500	1,880,172

Personnel Summary

Total number of full-time permanent positions.....	23,008	23,927	24,056
Total compensable workyears:			
Full-time equivalent employment.....	23,667	23,950	24,001
Full-time equivalent of overtime and holiday hours.....	101	101	103

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY

For the necessary expenses, in accordance with law, for construction, equipment, and maintenance of rifle ranges; the instruction of citizens in marksmanship; the promotion of rifle practice; and the travel of rifle teams, military personnel, and individuals attending regional, national, and international competitions; [\$899,000] \$914,000, of which not to exceed \$7,500 shall be available for incidental expenses of the National Board; and from other funds provided in this Act, not to exceed \$680,000 worth of ammunition may be issued under authority of title 10, United States Code, section 4311: *Provided*, That competitors at national matches under title 10, United States Code, section 4312, may be paid subsistence and travel allowances in excess of the amounts provided under title 10, United States Code, section 4313. (10 U.S.C. 4307-13; 32 U.S.C. 316; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-1705-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations.....	860	909	914
Financing:				
25.00	Unobligated balance lapsing.....	27		
39.00	Budget authority.....	887	909	914
Budget authority:				
40.00	Appropriation.....	875	899	914
42.00	Transferred from other accounts.....	12		
43.00	Appropriation (adjusted).....	887	899	914
44.20	Supplemental for civilian pay raises (pending).....		10	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	860	909	914
72.40	Obligated balance, start of year.....	384	313	322
74.40	Obligated balance, end of year.....	-313	-322	-336

General and special funds—Continued

NATIONAL BOARD FOR THE PROMOTION OF RIFLE PRACTICE, ARMY—
Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	21-1705-0-1-051	1983 actual	1984 est.	1985 est.
77.00	Adjustments in expired accounts.....	34		
90.00	Outlays, excluding pay raise supple- mental.....	966	890	900
91.20	Outlays from civilian pay raise sup- plemental.....		10	

Object Classification (in thousands of dollars)

Personnel compensation:				
11.1	Full-time permanent.....	329	345	347
11.3	Other than full-time permanent.....	18	20	22
11.9	Total personnel compensation.....	347	365	369
12.1	Personnel benefits: Civilian.....	34	42	44
21.0	Travel and transportation of persons.....	171	180	180
22.0	Transportation of things.....	7	8	8
23.2	Communications, utilities, and other rent....	46	57	40
25.0	Other services: Other.....	81	102	102
26.0	Supplies and materials.....	172	101	121
31.0	Equipment.....	2	54	50
99.9	Total obligations.....	860	909	914

Personnel Summary

Total number of full-time permanent positions.....	17	17	17
Total compensable workyears: Full-time equivalent employment.....	17	17	17

CLAIMS, DEFENSE

For payment, not otherwise provided for, of claims authorized by law to be paid by the Department of Defense (except for civil functions), including claims for damages arising under training contracts with carriers, and repayment of amounts determined by the Secretary concerned, or officers designated by him, to have been erroneously collected from military and civilian personnel of the Department of Defense, or from States, territories, or the District of Columbia, or members of the National Guard units thereof; **[\$160,400,000]** \$177,900,000. (Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	97-0102-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Personnel claims.....	78,141	96,095	107,740
00.02	Tort claims.....	54,077	61,694	67,020
00.03	Admiralty claims.....	1,793	2,537	3,029
00.04	Other miscellaneous claims.....	71	74	111
10.00	Total obligations (object class 42.0).....	134,082	160,400	177,900
Financing:				
25.00	Unobligated balance lapsing.....	10,318		
39.00	Budget authority.....	144,400	160,400	177,900
Budget authority:				
40.00	Appropriation.....	147,500	160,400	177,900
41.00	Transferred to other accounts.....	-3,100		
43.00	Appropriation (adjusted).....	144,400	160,400	177,900
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	134,082	160,400	177,900
72.40	Obligated balance, start of year.....	6,760	10,472	17,972
74.40	Obligated balance, end of year.....	-10,472	-17,972	-27,372

77.00	Adjustments in expired accounts.....	-281		
90.00	Outlays.....	130,089	152,900	168,500

COURT OF MILITARY APPEALS, DEFENSE

For salaries and expenses necessary for the United States Court of Military Appeals; **[\$3,372,000]** \$3,470,000, and not to exceed \$1,500 can be used for official representation purposes. (10 U.S.C. 867; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	97-0104-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations.....	2,288	3,372	3,470
Financing:				
25.00	Unobligated balance lapsing.....	970		
39.00	Budget authority.....	3,258	3,372	3,470
Budget authority:				
40.00	Appropriation.....	3,271	3,372	3,470
41.00	Transferred to other accounts.....	-13		
43.00	Appropriation (adjusted).....	3,258	3,372	3,470
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	2,288	3,372	3,470
72.40	Obligated balance, start of year.....	394	309	381
74.40	Obligated balance, end of year.....	-309	-381	-351
77.00	Adjustments in expired accounts.....	-116		
90.00	Outlays.....	2,258	3,300	3,500

Object Classification (in thousands of dollars)

Identification code	97-0104-0-1-051	1983 actual	1984 est.	1985 est.
Personnel compensation:				
11.1	Full-time permanent.....	1,468	1,781	1,794
11.3	Other than full-time permanent.....	65	35	36
11.5	Other personnel compensation.....		4	5
11.9	Total personnel compensation.....	1,533	1,820	1,835
12.1	Personnel benefits: Civilian.....	150	196	197
21.0	Travel and transportation of persons.....	19	57	69
23.1	Standard level user charges.....	245	403	411
23.2	Communications, utilities, and other rent....	52	109	117
24.0	Printing and reproduction.....	6	58	67
25.0	Other services: Other.....	141	500	534
26.0	Supplies and materials.....	116	171	178
31.0	Equipment.....	26	58	62
99.9	Total obligations.....	2,288	3,372	3,470

Personnel Summary

Total number of full-time permanent positions.....	38	49	49
Total compensable workyears: Full-time equivalent employment.....	39	49	49

FOREIGN CURRENCY FLUCTUATIONS, DEFENSE

Program and Financing (in thousands of dollars)

Identification code	97-0801-0-1-051	1983 actual	1984 est.	1985 est.
Financing:				
21.40	Unobligated balance available, start of year.....	-987,418	-506,080	-413,080
22.40	Unobligated balance transferred, net.....	483,738	93,000	
24.40	Unobligated balance available, end of year..	506,080	413,080	413,080

39.00	Budget authority.....	2,400		
Budget authority:				
42.00	Transferred from other accounts.....	2,400		
43.00	Appropriation (adjusted).....	2,400		
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....			
90.00	Outlays.....			

The purpose of this account is to allow transfers to operation and maintenance appropriations available for Defense activities in foreign countries to finance upward adjustment of recorded obligations due to foreign currency fluctuations above the budget rate. Transfers are made, as needed, to meet disbursement requirements in excess of funds otherwise available for obligation adjustment. Net gains from exchange are returned to this appropriation and are available for subsequent transfer when needed.

【SUMMER OLYMPICS】

【For logistical support and personnel services (other than pay and nontravel related allowances of members of the Armed Forces of the United States, except for members of the Reserve components thereof called or ordered to active duty to provide support for the XXIII Olympiad) provided by any component of the Department of Defense to the 1984 games of the XXIII Olympiad; \$45,000,000: *Provided*, That the Department of Defense may also provide support to the Los Angeles Olympic Organizing Committee on a reimbursable basis, with such reimbursements to be credit to the current applicable appropriation accounts of the Department.】 (*Department of Defense Appropriation Act, 1984.*)

【*Provided further*, That notwithstanding any other provision of this joint resolution, \$5,000,000 is appropriated for the XXIII Olympiad as authorized by Section 304 of Public Law 98-94, and in addition the Department of Defense may provide support to the Los Angeles Olympic Organizing Committee on a reimbursable basis, with the proceeds to be credited to the current applicable appropriation accounts of the Departments.】 (*Public Law 98-107, making continuing appropriations for fiscal year 1984.*)

Program and Financing (in thousands of dollars)

Identification code	21-2087-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations.....		50,000	
Financing:				
40.00	Budget authority (appropriation).....		50,000	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....		50,000	
72.40	Obligated balance, start of year.....			19,000
74.40	Obligated balance, end of year.....		-19,000	-2,400
90.00	Outlays.....		31,000	16,600

Object Classification (in thousands of dollars)

21.0	Travel and transportation of persons.....	9,100	
22.0	Transportation of things.....	6,400	
23.2	Communications, utilities and other rent.....	1,500	
Other services:			
25.0	Contracts.....	11,100	
26.0	Supplies and materials.....	21,900	
99.9	Total obligations.....	50,000	

【ENVIRONMENTAL RESTORATION, DEFENSE】

【For expenses, not otherwise provided for, for environmental restoration programs, including hazardous waste disposal operations and removal of unsafe or unsightly buildings and debris of the Department of Defense, and including programs and operations at sites formerly used by the Department of Defense; \$150,000,000.】 (*Department of Defense Appropriation Act, 1984.*)

Program and Financing (in thousands of dollars)

Identification code	97-0810-0-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Environmental restoration (obligations) (object class 25.0).....		150,000	
Financing:				
40.00	Budget authority (appropriation).....		150,000	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....		150,000	
72.40	Obligated balance, start of year.....			31,000
74.40	Obligated balance, end of year.....		-31,000	-6,000
90.00	Outlays.....		119,000	25,000

XIII OLYMPIC WINTER GAMES

Program and Financing (in thousands of dollars)

Identification code	97-0802-0-1-051	1983 actual	1984 est.	1985 est.
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....			
72.40	Obligated balance, start of year.....		182	
77.00	Adjustments in expired accounts.....		-168	
90.00	Outlays.....		14	

ALLOCATIONS RECEIVED FROM OTHER ACCOUNTS

Note.—Obligations incurred under allocations from other accounts are shown in the schedules of parent appropriations, as follows:

Funds appropriated to the President:

"Military assistance, Executive."

"International military education and training."

"Foreign military credit sales."

"Advances, foreign military sales, Executive."

Executive Office of the President: Official residence of the Vice President, "Operating expenses."

Department of Energy: "Operation and research."

Department of Transportation, Federal Aviation Administration: "Operations, Federal Aviation Administration."

National Aeronautics and Space Administration: "Research and development."

PROCUREMENT

The procurement appropriations of the Department of Defense finance the acquisition of weapons, equipment, munitions, spares, and modification of existing equipment.

Procurement continues for the Army's Patriot and Stinger air defense missile systems, Tow and Hellfire antitank missiles, M-1 main battle tank, Infantry Fighting Vehicle System, Multiple Launch Rocket System, AH-64 attack helicopter, and improved conventional munitions.

Modernization of our naval forces in 1985 includes continued procurement of the F-18 air combat fighter and the F-14 fleet air defense fighter. Procurement of the Trident strategic missile and submarine continues. General purpose ships to be acquired include nuclear

attack submarines, cruisers and a new class of destroyers.

Significant Air Force programs include procurement of the Peacekeeper ballistic missile, the B-1 bomber, ground launched cruise missile, F-15 and F-16 air combat fighters, KC-10 tankers, C-5B transports and precision guided munitions. Procurement is initiated in 1985 of the AMRAAM air to air missile and the T-46 pilot training aircraft.

The 1985 budget continues emphasis on the DoD Acquisition Initiatives which include multiyear procurement, economic production rates, productivity improvements, and elimination of marginal programs.

Direct budget programs are estimated as follows (in thousands of dollars):

	1983 actual	1984 estimate	1985 estimate
Army	15,908,610	17,350,209	21,059,800
Navy	33,225,627	29,685,730	35,220,860
Marine Corps	1,960,383	1,741,306	1,978,581
Air Force	27,616,450	36,095,485	48,058,600
Defense Agencies	823,545	947,157	1,243,500
National Guard and Reserve equipment	125,000	176,000	.....

Defense Production Act purchases .....	.....	.....	25,000
Total	79,659,615	85,995,887	107,586,341

The appropriations for procurement depend upon the enactment of authorizing legislation.

Federal Funds

General and special funds:

AIRCRAFT PROCUREMENT, ARMY

For construction, procurement, production, modification, and modernization of aircraft, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, [without regard to section 4774, title 10, United States Code,] for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [\$3,214,048,000] \$4,008,300,000, to remain available for obligation until September 30, [1986] 1987. (10 U.S.C. 2353, 2361, 3012, 4531-32; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2031-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Aircraft	1,504,222	1,813,700	2,184,600	1,360,795	1,693,071	2,139,131
00.02 Modification of aircraft	383,840	666,530	846,800	356,709	649,616	814,109
00.03 Spares and repair parts	451,300	593,600	633,400	466,100	655,736	614,578
00.04 Support equipment and facilities	158,510	199,418	343,500	161,989	203,750	318,567
00.90 Total direct	2,497,872	3,273,248	4,008,300	2,345,593	3,202,173	3,886,385
01.01 Reimbursable	120,404	83,800	95,900	87,773	133,918	90,243
10.00 Total	2,618,276	3,357,048	4,104,200	2,433,366	3,336,091	3,976,628
Financing:						
Offsetting collections from:						
11.00 Federal funds	-69,014	-56,300	-46,800	-61,287	-56,300	-46,800
13.00 Trust funds	-51,390	-27,500	49,100	-38,217	-27,500	-49,100
14.00 Non-Federal sources .....	.....	.....	.....	45	.....	.....
17.00 Recovery of prior year obligations .....	.....	.....	.....	-68,339	.....	.....
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans .....	.....	.....	.....	-419,346	-661,183	-697,140
21.40 Reprogramming from prior year budget plans	9,532	15,000	.....	.....	.....	.....
22.40 Unobligated balance transferred, net	-49,604	-15,000	.....	-49,604	-15,000	.....
Unobligated balance available, end of year: For completion of prior year budget plans						
24.40 .....	.....	.....	.....	661,183	697,140	824,712
25.00 Unobligated balance lapsing	25,072	.....	.....	25,072	.....	.....
39.00 Budget authority	2,482,872	3,273,248	4,008,300	2,482,872	3,273,248	4,008,300
Budget authority:						
40.00 Appropriation	2,506,572	3,214,048	4,008,300	2,506,572	3,214,048	4,008,300
40.00 Reduction pursuant to Public Law 97-377	-17,500	.....	.....	-17,500	.....	.....
41.00 Transferred to other accounts	-6,200	.....	.....	-6,200	.....	.....
42.00 Transferred from other accounts .....	.....	59,200	.....	.....	59,200	.....
43.00 Appropriation (adjusted)	2,482,872	3,273,248	4,008,300	2,482,872	3,273,248	4,008,300
Relation of obligations to outlays:						
71.00 Obligations incurred, net .....	.....	.....	.....	2,333,907	3,252,291	3,880,728
72.40 Obligated balance, start of year .....	.....	.....	.....	2,028,442	2,573,989	3,843,780
74.40 Obligated balance, end of year .....	.....	.....	.....	-2,573,989	-3,843,780	-4,915,408

77.00	Adjustments in expired accounts.....	4,012		
78.00	Adjustments in unexpired accounts.....	-68,339		
90.00	Outlays.....	1,724,032	1,982,500	2,809,100

Object Classification (in thousands of dollars)

Identification code	21-2031-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
25.0	Other services: Other.....	140,735	192,128	233,183
26.0	Supplies and materials.....	375,295	512,341	621,821
31.0	Equipment.....	1,829,563	2,497,704	3,031,381
99.0	Subtotal, direct obligations.....	2,345,593	3,202,173	3,886,385
99.0	Reimbursable obligations.....	87,773	133,918	90,243
99.9	Total obligations.....	2,433,366	3,336,091	3,976,628

MISSILE PROCUREMENT, ARMY

[(INCLUDING TRANSFER OF FUNDS)]

For construction, procurement, production, modification, and modernization of missiles, equipment, including ordnance, ground handling equipment, spare parts, and accessories therefor; specialized equipment and training devices; expansion of public and private

plants, including the land necessary therefor, [without regard to section 4774, title 10, United States Code,] for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes[, as follows: For Other Missile Support, \$9,200,000; for the Patriot program, \$885,000,000; for the Stinger program, \$105,200,000, and in addition, \$32,600,000 to be derived by transfer from "Missile Procurement, Army, 1983/1985"; for the Laser Hellfire program, \$218,800,000; for the TOW program, \$189,200,000; for the Pershing II program, \$407,700,000; for the MLRS program, \$532,100,000; for modification of missiles, \$123,300,000; for spares and repair parts, \$271,000,000; for support equipment and facilities, \$109,200,000; in all: \$2,822,700,000, and in addition \$32,600,000 to be derived by transfer], \$3,442,400,000 to remain available until September 30, [1986: Provided, That within the total amount appropriated, the subdivisions within this account shall be reduced by \$28,000,000 for revised economic assumptions] 1987. (10 U.S.C. 2353, 2361, 3012, 4531-32; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2032-0-1-051		Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Other missiles.....	2,239,869	2,356,800	2,821,000	2,073,229	2,269,350	2,739,773
00.02	Modification of missiles.....	108,096	91,000	209,200	68,418	176,379	190,966
00.03	Spares and repair parts.....	228,310	268,100	289,700	211,166	333,287	279,753
00.04	Support equipment and facilities.....	106,925	108,200	122,500	93,806	113,591	118,025
00.90	Total direct.....	2,683,200	2,824,100	3,442,400	2,446,619	2,892,607	3,328,517
01.01	Reimbursable.....	331,458	297,800	353,700	236,479	384,974	363,150
10.00	Total.....	3,014,658	3,121,900	3,796,100	2,683,098	3,277,581	3,691,667
Financing:							
Offsetting collections from:							
11.00	Federal funds.....	-246,506	-212,600	-320,900	-237,389	-212,600	-320,900
13.00	Trust funds.....	-84,952	-85,200	-32,800	-71,801	-85,200	-32,800
14.00	Non-Federal sources.....				-1		
17.00	Recovery of prior year obligations.....				-29,278		
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans.....				-446,825	-754,533	-598,852
21.40	Available to finance new budget plans.....		-52,600			-52,600	
21.40	Reprogramming from prior year budget plans.....	-30,862					
22.40	Unobligated balance transferred, net.....	13,400	20,000		13,400	20,000	
Unobligated balance available, end of year:							
24.40	For completion of prior year budget plans.....				754,533	598,852	703,285
24.40	Available to finance subsequent year budget plans.....	52,600			52,600		
25.00	Unobligated balance lapsing.....	17,462	32,600		17,462	32,600	
39.00	Budget authority.....	2,735,800	2,824,100	3,442,400	2,735,800	2,824,100	3,442,400
Budget authority:							
40.00	Appropriation.....	2,740,600	2,822,700	3,442,400	2,740,600	2,822,700	3,442,400
40.00	Reduction pursuant to Public Law 97-377.....	-20,400			-20,400		
41.00	Transferred to other accounts.....		-31,200			-31,200	
42.00	Transferred from other accounts.....	15,600			15,600		
43.00	Appropriation (adjusted).....	2,735,800	2,791,500	3,442,400	2,735,800	2,791,500	3,442,400
50.00	Reappropriation.....		32,600			32,600	
Relation of obligations to outlays:							
71.00	Obligations incurred, net.....				2,373,907	2,979,781	3,337,967
72.40	Obligated balance, start of year.....				2,264,009	3,016,992	4,011,673
74.40	Obligated balance, end of year.....				-3,016,992	-4,011,673	-4,790,840
77.00	Adjustments in expired accounts.....				8,033		

General and special funds—Continued

MISSILE PROCUREMENT, ARMY—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 21-2032-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
78.00 Adjustments in unexpired accounts.....				-29,278		
90.00 Outlays.....				1,599,678	1,985,100	2,558,800

Object Classification (in thousands of dollars)

Identification code 21-2032-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
25.0 Other services: Other.....	415,925	496,305	560,508
26.0 Supplies and materials.....	1,272,242	1,491,276	1,745,909
31.0 Equipment.....	758,452	905,026	1,022,100
99.0 Subtotal, direct obligations.....	2,446,619	2,892,607	3,328,517
99.0 Reimbursable obligations.....	236,479	384,974	363,150
99.9 Total obligations.....	2,683,098	3,277,581	3,691,667

ests therein may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [\$4,594,103,000, and in addition, \$65,200,000, to be derived by transfer from "Procurement of Weapons and Tracked Combat Vehicles, Army, 1982/1984" and \$83,800,000, to be derived by transfer from "Procurement of Weapons and Tracked Combat Vehicles, Army 1983/1985"] \$5,092,700,000, to remain available for obligation until September 30, [1986: *Provided*, That notwithstanding any other provision of law, within three months after enactment of this Act the Secretary of Defense shall complete and submit to the Committee on Appropriations and Armed Services of the House and Senate a study on the feasibility and cost effectiveness of establishing a second production source or multiyear procurement of the AGT 1500 engine for the M-1 tank, together with the Secretary's determination, based on the findings of such study, whether a second production source or multiyear procurement contract is in the national interest: *Provided further*, That current production of the AGT 1500 engine shall not be interrupted or reduced in the interim] 1987. (10 U.S.C. 2353, 2361, 3012, 4531-32; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

PROCUREMENT OF WEAPONS AND TRACKED COMBAT VEHICLES, ARMY
[INCLUDING TRANSFER OF FUNDS]

For construction, procurement, production, and modification of weapons and tracked combat vehicles, equipment, including ordnance, spare parts and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, [without regard to section 4774, title 10, United States Code,] for the foregoing purposes, and such lands and inter-

Program and Financing (in thousands of dollars)

Identification code 21-2033-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Tracked combat vehicles.....	3,800,956	3,797,400	4,156,600	3,510,703	3,902,546	4,113,377
00.02 Weapons and other combat vehicles.....	795,790	865,633	936,100	635,030	994,890	912,713
00.90 Total direct.....	4,596,746	4,663,033	5,092,700	4,145,733	4,897,436	5,026,090
01.01 Reimbursable.....	421,080	272,900	278,700	385,507	494,799	285,206
10.00 Total.....	5,017,826	4,935,933	5,371,400	4,531,240	5,392,235	5,311,296
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-96,002	-153,700	-161,900	-94,591	-153,700	-161,900
13.00 Trust funds.....	-324,535	-119,200	-116,800	-263,583	-119,200	-116,800
14.00 Non-Federal sources.....	-543			-595		
17.00 Recovery of prior year obligations.....				-164,539		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				-1,096,613	-1,569,773	-1,113,471
21.40 Available to finance new budget plans.....	-201,200	-164,000		-201,200	-164,000	
21.40 Reprogramming from prior year budget plans.....	-115,653					
22.40 Unobligated balance transferred, net.....	4,517	15,000		4,517	15,000	
Unobligated balance available, end of year:						
24.40 For completion of prior year budget plans.....				1,569,773	1,113,471	1,173,575
24.40 Available to finance subsequent year budget plans.....	164,000			164,000		
25.00 Unobligated balance lapsing.....	247,136	149,000		247,136	149,000	
39.00 Budget authority.....	4,695,546	4,663,033	5,092,700	4,695,546	4,663,033	5,092,700
Budget authority:						
40.00 Appropriation.....	4,551,946	4,594,103	5,092,700	4,551,946	4,594,103	5,092,700
40.00 Reduction pursuant to Public Law 97-377.....	-37,100			-37,100		
41.00 Transferred to other accounts.....	-17,500	-80,070		-17,500	-80,070	
43.00 Appropriation (adjusted).....	4,497,346	4,514,033	5,092,700	4,497,346	4,514,033	5,092,700
50.00 Reappropriation.....	198,200	149,000		198,200	149,000	

Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	4,172,471	5,119,335	5,032,596
72.40	Obligated balance, start of year.....	4,670,284	5,287,047	6,698,982
74.40	Obligated balance, end of year.....	—5,287,047	—6,698,982	—7,380,678
77.00	Adjustments in expired accounts.....	29,231		
78.00	Adjustments in unexpired accounts.....	—164,539		
90.00	Outlays.....	3,420,401	3,707,400	4,350,900

Object Classification (in thousands of dollars)

Identification code	21-2033-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
25.0	Other services: Other.....	787,689	931,267	952,603
26.0	Supplies and materials.....	704,775	833,239	852,329
31.0	Equipment.....	2,653,269	3,132,930	3,221,158
99.0	Subtotal, direct obligations.....	4,145,733	4,897,436	5,026,090
99.0	Reimbursable obligations.....	385,507	494,799	285,206
99.9	Total obligations.....	4,531,240	5,392,235	5,311,296

PROCUREMENT OF AMMUNITION, ARMY

For construction, procurement, production, and modification of ammunition, and accessories therefor; specialized equipment and train-

ing devices; expansion of public and private plants, including ammunition facilities authorized in military construction authorization Acts or authorized by section [2673] 2854, title 10, United States Code, and the land necessary therefor, [without regard to section 4774, title 10, United States Code,] for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [\$1,980,100,000, of which \$1,200,000 shall be available only for procurement of 9mm handgun ammunition] \$2,494,000,000, to remain available for obligation until September 30, [1986] 1987. (10 U.S.C. 2853, 2861, 3012, 4531-32; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code		Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Ammunition.....	1,734,033	1,775,100	2,191,800	1,729,241	1,824,345	2,159,422
00.02	Ammunition production base support.....	389,494	164,800	302,200	357,355	207,355	298,636
00.90	Total direct.....	2,123,527	1,939,900	2,494,000	2,086,596	2,031,700	2,458,058
01.01	Reimbursable.....	222,187	296,600	317,700	158,139	294,570	307,378
10.00	Total.....	2,345,714	2,236,500	2,811,700	2,244,735	2,326,270	2,765,436
Financing:							
Offsetting collections from:							
11.00	Federal funds.....	-104,064	-151,900	-169,800	-73,416	-151,900	-169,800
13.00	Trust funds.....	-125,101	-144,700	-147,900	-115,439	-144,700	-147,900
14.00	Non-Federal sources.....	-1,155			-1,155		
17.00	Recovery of prior year obligations.....				-109,661		
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans.....				-266,418	-390,633	-300,863
21.40	Available to finance new budget plans.....	-10,000			-10,000		
21.40	Reprogramming from prior year budget plans.....	-46,115					
22.40	Unobligated balance transferred, net.....	10,000			10,000		
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....				390,633	300,863	347,127
25.00	Unobligated balance lapsing.....	46,115			46,115		
39.00	Budget authority.....	2,115,394	1,939,900	2,494,000	2,115,394	1,939,900	2,494,000
Budget authority:							
40.00	Appropriation.....	2,122,394	1,980,100	2,494,000	2,122,394	1,980,100	2,494,000
40.00	Reduction pursuant to Public Law 97-377.....	-7,000			-7,000		
41.00	Transferred to other accounts.....		-40,200			-40,200	
43.00	Appropriation (adjusted).....	2,115,394	1,939,900	2,494,000	2,115,394	1,939,900	2,494,000
Relation of obligations to outlays:							
71.00	Obligations incurred, net.....				2,054,725	2,029,670	2,447,736
72.40	Obligated balance, start of year.....				2,404,416	2,402,101	2,495,471
74.40	Obligated balance, end of year.....				-2,402,101	-2,495,471	-2,914,907
77.00	Adjustments in expired accounts.....				18,727		
78.00	Adjustments in unexpired accounts.....				-109,661		
90.00	Outlays.....				1,966,106	1,936,300	2,028,300

General and special funds—Continued

PROCUREMENT OF AMMUNITION, ARMY—Continued

Object Classification (in thousands of dollars)

Identification code	21-2034-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
25.0	Other services: Other	417,319	413,777	490,475
26.0	Supplies and materials	1,669,277	1,617,923	1,967,583
99.0	Subtotal, direct obligations	2,086,596	2,031,700	2,458,058
99.0	Reimbursable obligations	158,139	294,570	307,378
99.9	Total obligations	2,244,735	2,326,270	2,765,436

OTHER PROCUREMENT, ARMY

For construction, procurement, production, and modification of vehicles, including tactical, support [(including not to exceed fifteen vehicles required for physical security of personnel notwithstanding

price limitations applicable to passenger carrying vehicles but not to exceed \$100,000 per vehicle)], and nontracked combat vehicles; the purchase of not to exceed [two thousand one hundred and forty-one] two thousand six hundred and fourteen passenger motor vehicles for replacement only; communications and electronic equipment; other support equipment; spare parts, ordnance, and accessories therefor; specialized equipment and training devices; expansion of public and private plants, including the land necessary therefor, [without regard to section 4774, title 10, United State Code,] for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes; [\$4,680,528,000, of which \$24,400,000 shall be available for the M9 Armored Combat Earthmover under a multiyear contract] \$6,022,400,000, to remain available for obligation until September 30, [1986] 1987. (10 U.S.C. 2353, 2361, 3012, 4531-32; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code		Budget plan (amounts for procurement actions programed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Tactical and support vehicles	1,223,860	1,088,428	1,535,500	1,017,198	1,183,125	1,415,618
00.02	Communications and electronics equipment	2,011,380	2,428,600	2,927,000	1,811,949	2,347,012	2,788,264
00.03	Other support equipment	772,025	1,132,900	1,559,900	967,844	1,183,349	1,368,411
00.90	Total direct	4,007,265	4,649,928	6,022,400	3,796,991	4,713,486	5,572,293
01.01	Reimbursable	399,428	330,100	307,800	314,017	381,605	317,960
10.00	Total	4,406,693	4,980,028	6,330,200	4,111,008	5,095,091	5,890,253
Financing:							
Offsetting collections from:							
11.00	Federal funds	-269,189	-239,200	-215,200	-249,418	-239,200	-215,200
13.00	Trust funds	-131,725	-90,900	-92,600	-118,712	-90,900	-92,600
14.00	Non-Federal sources	-315			-323		
17.00	Recovery of prior year obligations				-132,112		
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans				-1,619,274	-1,936,706	-1,821,643
21.40	Available to finance new budget plans	-10,900			-10,900		
21.40	Reprogramming from prior year budget plans	-77,588					
22.40	Unobligated balance transferred, net	31,687			31,687		
24.40	Unobligated balance available, end of year: For completion of prior year budget plans				1,936,706	1,821,643	2,261,590
25.00	Unobligated balance lapsing	56,801			56,801		
39.00	Budget authority	4,005,464	4,649,928	6,022,400	4,005,464	4,649,928	6,022,400
Budget authority:							
40.00	Appropriation	4,128,364	4,680,528	6,022,400	4,128,364	4,680,528	6,022,400
40.00	Reduction pursuant to Public Law 97-377	-7,500			-7,500		
41.00	Transferred to other accounts	-115,400	-30,600		-115,400	-30,600	
43.00	Appropriation (adjusted)	4,005,464	4,649,928	6,022,400	4,005,464	4,649,928	6,022,400
Relation of obligations to outlays:							
71.00	Obligations incurred, net				3,742,555	4,764,991	5,582,453
72.40	Obligated balance, start of year				3,990,881	4,911,479	6,338,470
74.40	Obligated balance, end of year				-4,911,479	-6,338,470	-7,884,623
77.00	Adjustments in expired accounts				38,687		
78.00	Adjustments in unexpired accounts				-132,112		
90.00	Outlays				2,728,531	3,338,000	4,036,300

Object Classification (in thousands of dollars)		1983 actual	1984 est.	1985 est.
Identification code 21-2035-0-1-051				
Direct obligations:				
25.0	Other services: Other	759,398	943,470	1,271,196
26.0	Supplies and materials	189,850	235,868	302,644

31.0	Equipment	2,847,743	3,534,148	3,998,453
99.0	Subtotal, direct obligations	3,796,991	4,713,486	5,572,293
99.0	Reimbursable obligations	314,017	381,605	317,960
99.9	Total obligations	4,111,008	5,095,091	5,890,253

AIRCRAFT PROCUREMENT, NAVY

For construction, procurement, production, modification, and modernization of aircraft, equipment including ordnance, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised

Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; [\$10,174,608,000] \$11,474,200,000, to remain available for obligation until September 30, [1986] 1987. (10 U.S.C. 5012, 5031, 7201, 7241; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1506-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Combat aircraft.....	6,207,167	6,026,598	6,823,819	5,536,264	6,251,941	6,455,266
00.02 Airlift aircraft.....	278,544	180,008	251,311	256,434	165,954	251,257
00.03 Trainer aircraft.....	50,333	64,432	91,155	74,817	62,229	153,581
00.04 Other aircraft.....	75,750	165,066	.....	74,392	152,778	39,542
00.05 Modification of aircraft.....	1,160,933	1,352,297	1,919,506	987,721	1,385,953	1,780,079
00.06 Aircraft spares and repair parts.....	1,959,214	1,963,199	1,609,734	1,863,457	1,865,277	1,837,968
00.07 Aircraft support equipment and facilities.....	423,511	413,008	778,675	426,018	368,400	704,122
00.90 Total direct.....	10,155,452	10,164,608	11,474,200	9,219,103	10,252,532	11,221,815
01.01 Reimbursable.....	35,556	40,000	40,000	16,915	60,221	30,000
10.00 Total.....	10,191,008	10,204,608	11,514,200	9,236,018	10,312,753	11,251,815
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-23,437	-26,300	-26,300	-21,770	-26,300	-26,300
13.00 Trust funds.....	-11,926	-13,500	-13,500	-11,085	-13,500	-13,500
14.00 Non-Federal sources.....	-193	-200	-200	-226	-200	-200
17.00 Recovery of prior year obligations.....	.....	.....	.....	-15,904	.....	.....
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....	.....	.....	.....	-1,867,287	-2,658,831	-2,550,686
21.40 Available to finance new budget plans.....	-8,000	-28,000	.....	-8,000	-28,000	.....
21.40 Reprogramming from prior year budget plan.....	-176,875	.....	.....	.....	.....	.....
22.40 Unobligated balance transferred, net.....	8,000	28,000	.....	8,000	28,000	.....
Unobligated balance available, end of year:						
24.40 For completion of prior year budget plans.....	.....	.....	.....	2,658,831	2,550,686	2,813,071
24.40 Available to finance subsequent year budget plans.....	28,000	.....	.....	28,000	.....	.....
25.00 Unobligated balance lapsing.....	176,875	.....	.....	176,875	.....	.....
39.00 Budget authority.....	10,183,452	10,164,608	11,474,200	10,183,452	10,164,608	11,474,200
Budget authority:						
40.00 Appropriation.....	10,416,107	10,174,608	11,474,200	10,416,107	10,174,608	11,474,200
40.00 Reduction pursuant to Public Law 97-377.....	-59,100	.....	.....	-59,100	.....	.....
41.00 Transferred to other accounts.....	-173,555	-10,000	.....	-173,555	-10,000	.....
43.00 Appropriation (adjusted).....	10,183,452	10,164,608	11,474,200	10,183,452	10,164,608	11,474,200
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....	.....	.....	.....	9,202,937	10,272,753	11,211,815
72.40 Obligated balance, start of year.....	.....	.....	.....	9,557,681	11,304,696	12,438,149
74.40 Obligated balance, end of year.....	.....	.....	.....	-11,304,696	-12,438,149	-13,914,964
77.00 Adjustments in expired accounts.....	.....	.....	.....	49,906	.....	.....
78.00 Adjustments in unexpired accounts.....	.....	.....	.....	-15,904	.....	.....
90.00 Outlays.....	.....	.....	.....	7,489,924	9,139,300	9,735,000

Object Classification (in thousands of dollars)

Identification code 17-1506-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
25.0 Other services: Purchases from industrial funds.....	18,437	27,402	27,402
26.0 Supplies and materials.....	1,309,256	1,644,135	1,644,135
31.0 Equipment.....	7,891,410	8,580,995	9,550,278
99.0 Subtotal, direct obligations.....	9,219,103	10,252,532	11,221,815
99.0 Reimbursable obligations.....	16,915	60,221	30,000
99.9 Total obligations.....	9,236,018	10,312,753	11,251,815

WEAPONS PROCUREMENT, NAVY

[(INCLUDING TRANSFER OF FUNDS)]

For construction, procurement, production, modification, and modernization of missiles, torpedoes, other weapons, and related support equipment including spare parts, and accessories therefor; expansion of public and private plants, including the land necessary therefor, and such lands and interest therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway [as follows: For missile programs, \$2,962,600,000; for the MK-48 torpedo program, \$124,600,000; for the MK-46 torpedo

General and special funds—Continued

WEAPONS PROCUREMENT, NAVY—Continued

[(INCLUDING TRANSFER OF FUNDS)]—Continued

program, \$212,900,000; for the MK-60 captor mine program, \$73,900,000; for the MK-30 mobile target program, \$17,600,000; for the MK-38 mini mobile target program, \$2,000,000; for the antisubmarine rocket (ASROC) program, \$17,300,000; for modification of torpedoes, \$111,800,000; for the torpedo support equipment program, \$72,100,000; for the MK-15 close-in weapons system program, \$120,400,000; for the MK-45 gun mount/MK-6 ammunition hoist, \$16,100,000; for the MK-75 gun mount program, \$11,100,000; for the

MK-19 machine gun program, \$900,000; for the 25mm gun mount, \$700,000; for the 9mm handgun, \$500,000; for small arms and weapons, \$2,500,000; for the modification of guns and gun mounts, \$13,600,000; for the guns and gun mounts support equipment program, \$9,300,000; in all: \$3,725,332,000, and in addition, \$77,800,000, to be derived by transfer from "Weapons Procurement, Navy, 1983/1985"; \$4,650,860,000, to remain available until September 30, [1986: *Provided*, That within the total amount appropriated, the subdivisions within this account shall be reduced by \$44,568,000, as follows: \$8,568,000 for spares and repair parts and \$36,000,000 for revised economic assumptions] 1987. (10 U.S.C. 5012, 5031, 7901; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1507-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Ballistic missiles.....	667,400	578,400	379,800	756,773	659,187	453,136
00.02 Other missiles.....	2,023,600	2,383,879	3,228,960	1,717,961	2,463,514	2,791,510
00.03 Torpedoes and related equipment.....	508,500	650,800	799,000	551,865	516,934	891,170
00.04 Other weapons.....	158,700	156,500	243,100	137,151	146,750	239,924
00.90 Total direct.....	3,358,200	3,769,579	4,650,860	3,163,750	3,786,385	4,375,740
01.01 Reimbursable.....	26,523	25,000	25,000	13,707	66,739	5,000
10.00 Total.....	3,384,723	3,794,579	4,675,860	3,177,457	3,853,124	4,380,740
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-9,276	-9,000	-9,000	-8,700	-9,000	-9,000
13.00 Trust funds.....	-17,183	-16,000	-16,000	-20,543	-16,000	-16,000
14.00 Non-Federal sources.....	-64			-49		
17.00 Recovery of prior year obligations.....				-23,868		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				-1,327,430	-1,520,426	-1,461,881
21.40 Available to finance new budget plans.....		-87,800			-87,800	
21.40 Reprogramming from prior year budget plans.....	-40,908					
22.40 Unobligated balance transferred, net.....	-10,800	10,000		-10,800	10,000	
Unobligated balance available, end of year:						
24.40 For completion of prior year budget plans.....				1,520,426	1,461,881	1,757,001
24.40 Available to finance subsequent year budget plans.....	87,800			87,800		
25.00 Unobligated balance lapsing.....	51,708	77,800		51,708	77,800	
39.00 Budget authority.....	3,446,000	3,769,579	4,650,860	3,446,000	3,769,579	4,650,860
Budget authority:						
40.00 Appropriation.....	3,561,700	3,725,332	4,650,860	3,561,700	3,725,332	4,650,860
40.00 Reduction pursuant to Public Law 97-377.....	-20,100			-20,100		
41.00 Transferred to other accounts.....	-95,600	-33,553		-95,600	-33,553	
43.00 Appropriation (adjusted).....	3,446,000	3,691,779	4,650,860	3,446,000	3,691,779	4,650,860
50.00 Reappropriation.....		77,800			77,800	
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				3,148,165	3,828,124	4,355,740
72.40 Obligated balance, start of year.....				3,244,316	3,570,269	4,210,393
74.40 Obligated balance, end of year.....				-3,570,269	-4,210,393	-5,034,933
77.00 Adjustments in expired accounts.....				13,633		
78.00 Adjustments in unexpired accounts.....				-23,868		
90.00 Outlays.....				2,811,977	3,188,000	3,531,200

Object Classification (in thousands of dollars)

Identification code	17-1507-0-1-051	1983 actual	1984 est.	1985 est.	99.9	Total obligations	3,177,457	3,853,124	4,380,740
Direct obligations:									
22.0	Transportation of things	1,698	1,962	1,962					
Other services:									
25.0	Contracts	15,770	19,166	19,166	SHIPBUILDING AND CONVERSION, NAVY				
25.0	Other	50,465	57,498	57,498	【(INCLUDING TRANSFER OF FUNDS)】				
26.0	Supplies and materials	159,089	376,552	85,322	For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installa-				
31.0	Equipment	2,936,728	3,331,207	4,211,792					
99.0	Subtotal, direct obligations	3,163,750	3,786,385	4,375,740					

SHIPBUILDING AND CONVERSION, NAVY

[(INCLUDING TRANSFER OF FUNDS)]

For expenses necessary for the construction, acquisition, or conversion of vessels as authorized by law, including armor and armament thereof, plant equipment, appliances, and machine tools and installa-

tion thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; procurement of critical, long leadtime components and designs for vessels to be constructed or converted in the future; and expansion of public and private plants, including land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended, as follows: for the Trident submarine program, \$1,704,900,000; for the T-AK cargo ship conversion program, \$900,000; for the SSN-688 nuclear attack submarine program, \$2,018,000,000; for the reactivation of the U.S.S. Missouri, \$57,700,000: *Provided*, That none of these funds shall be available for obligation until the Secretary of the Navy reports to the Committees on Appropriations on the decision whether to implement the phase II battleship modernization, and any decision to proceed with phase II shall be accompanied by a plan for implementation to include cost and schedule data; for the aircraft carrier service life extension program, \$95,900,000; for the CG-47 AEGIS cruiser program, \$3,285,000,000; for the DDG-51 guided missile destroyer program, \$79,000,000; for the LSD-41 landing ship dock program, \$405,500,000; for the FFG-7 guided missile frigate program, \$116,400,000, and in addition, provided that the FFG-7 guided missile frigate shall be constructed with an upgraded MK-92 fire control system and an X-band phased array radar, the following amounts shall be derived by transfer: from the FFG-7 guided missile frigate program of "Shipbuilding and Conversion, Navy, 1980/1984", \$26,500,000; from the FFG-7 guided missile frigate program of "Shipbuilding and Conversion, Navy, 1981/1985", \$19,100,000; from SSN-688 nuclear attack submarine, FFG-7 guided missile frigate, T-AGOS ocean surveillance ship, and escalation programs of "Shipbuilding and Conversion, Navy 1982/1986", \$66,000,000; and from the Trident submarine, SSN-688 nuclear attack submarine, FFG-7 guided missile frigate, CVN aircraft carrier, and escalation programs of "Shipbuilding and Conversion, Navy, 1983/1987", \$72,000,000; in all, \$183,600,000 to be derived by transfer; for the T-AO fleet oiler ship program, \$335,500,000; for the MCM mine countermeasures ship program, \$301,000,000: *Provided further*, That funds appropriated or made available in this Act for the MCM mine countermeasures ship program may be obligated or expended only under a firm fixed price

contract: *Provided further*, That none of the funds appropriated or made available in this Act of the MCM mine countermeasures ship program may be obligated or expended until such time as the Department of the Navy develops electromagnetic interference specifications for the MCM-1 class of ships, and the Secretary of the Navy certifies to the Committees on Appropriations that the electromagnetic interference specifications developed will result in a design that will be free of electromagnetic interference in the context of the approved electromagnetic interference and electromagnetic compatibility specifications; for the MSH coastal mine hunter program \$65,000,000; for the T-AGS surveying ship program, \$17,000,000; for the T-AKR fast logistics ship program, \$230,000,000; for the T-AH hospital ship program, \$180,000,000, and in addition, \$44,000,000 to be derived by transfer from the T-AH hospital ship program of "Shipbuilding and Conversion, Navy, 1983/1987"; for the T-AFS combat stores ship program, \$11,000,000; for the LHD-1 amphibious assault ship program, \$1,365,700,000; for the strategic sealift program, \$31,000,000; for craft, outfitting, post delivery, cost growth, and escalation on prior year programs, \$1,056,400,000; in all: \$11,215,400,000, and in addition, \$227,600,000 to be derived by transfer; \$13,141,900,000, to remain available for obligation until September 30, [1988: *Provided further*] 1991: *Provided*, That additional obligations may be incurred after September 30, [1988] 1991, for engineering services, tests, evaluations, and other such budgeted work that must be performed in the final stage of ship construction; and each Shipbuilding and Conversion, Navy, appropriation that is currently available for such obligations may also hereafter be so obligated after the date of its expiration: *Provided further*, That within the total amount appropriated, the subdivisions within this account shall be reduced by \$140,500,000, as follows: \$27,500,000 for consultants, studies, and analyses, and \$113,000,000 for revised economic assumptions;]: *Provided further*, That none of the funds herein provided for the construction or conversion of any naval vessel to be constructed in shipyards in the United States shall be expended in foreign shipyards for the construction of major components of the hull or superstructure of such vessel: *Provided further*, That none of the funds herein provided shall be used for the construction of any naval vessel in foreign shipyards. (5 U.S.C. 3103; 10 U.S.C. 5012, 5031, 7296, 7298; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1611-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Fleet ballistic missile ships.....	1,526,500	1,672,700	1,846,100	817,751	1,717,680	1,629,644
00.02 Other warships.....	11,809,900	5,464,100	8,390,500	8,910,079	4,914,220	7,183,678
00.03 Amphibious ships.....	468,600	1,766,700	543,700	379,266	1,249,129	750,814
00.04 Mine warfare and patrol ships.....	759,800	651,100	349,500	868,252	872,547	734,834
00.05 Auxiliaries, craft, and prior-year program costs.....	1,454,500	1,882,400	2,012,100	1,417,934	1,846,940	1,937,289
00.90 Total direct.....	16,019,300	11,437,000	13,141,900	12,393,282	10,600,516	12,236,259
01.01 Reimbursable.....	292	1,000	1,000		1,107	800
10.00 Total.....	16,019,592	11,438,000	13,142,900	12,393,282	10,601,623	12,237,059
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-239	-1,000	-1,000	-239	-1,000	-1,000
13.00 Trust funds.....				-4		
14.00 Non-Federal sources.....	-53			-53		
17.00 Recovery of prior year obligations.....				-6,566		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				-7,525,538	-10,733,987	-11,570,364
21.40 Available to finance new budget plans.....	-35,000	-227,600		-35,000	-227,600	
21.40 Reprogramming from prior year budget plans.....	-424,431					
22.40 Unobligated balance transferred, net.....	37,600			37,600		
Unobligated balance available, end of year:						
24.40 For completion of prior year budget plans.....				10,733,987	11,570,364	12,476,205
24.40 Available to finance subsequent year budget plans.....	227,600			227,600		
25.00 Unobligated balance lapsing.....	310,231	227,600			227,600	
39.00 Budget authority.....	16,135,300	11,437,000	13,141,900	16,135,300	11,437,000	13,141,900
Budget authority:						
40.00 Appropriation.....	16,076,700	11,215,400	13,141,900	16,076,700	11,215,400	13,141,900

General and special funds—Continued

SHIPBUILDING AND CONVERSION, NAVY—Continued
Program and Financing (in thousands of dollars)—Continued

Identification code 17-1611-0-1-051		Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
40.00	Reduction pursuant to Public Law 97-377	—39,800			—39,800		
41.00	Transferred to other accounts	—112,800	6,000		—112,800	—6,000	
43.00	Appropriation (adjusted)	15,924,100	11,209,400	13,141,900	15,924,100	11,209,400	13,141,900
50.00	Reappropriation	211,200	227,600		211,200	227,600	
Relation of obligations to outlays:							
71.00	Obligations incurred, net				12,392,986	10,600,623	12,236,059
72.40	Obligated balance, start of year				14,488,847	19,633,932	21,440,355
74.40	Obligated balance, end of year				—19,633,932	—21,440,355	—23,944,614
77.00	Adjustments in expired accounts				262,384		
78.00	Adjustments in unexpired accounts				—6,566		
90.00	Outlays				7,503,719	8,794,200	9,731,800

Object Classification (in thousands of dollars)

Identification code 17-1611-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
Other services:			
25.0 Contracts	267,554	211,206	248,488
25.0 Other	104,048	137,230	161,454
26.0 Supplies and materials	377,795	113,644	133,704
31.0 Equipment	11,643,885	10,138,436	11,692,613
99.0 Subtotal, direct obligations	12,393,282	10,600,516	12,236,259
99.0 Reimbursable obligations		1,107	800
99.9 Total obligations	12,393,282	10,601,623	12,237,059

OTHER PROCUREMENT, NAVY

For procurement, production, and modernization of support equipment and materials not otherwise provided for, Navy ordnance and ammunition (except ordnance for new aircraft, new ships, and ships authorized for conversion); the purchase of not to exceed one vehicle required for physical security of personnel notwithstanding price limitations applicable to passenger carrying vehicles but not to exceed [\$100,000] \$110,000 per vehicle and the purchase of not to exceed

[six hundred and sixty-seven] eight hundred and fifteen passenger motor vehicles of which [six hundred and twenty-five] seven hundred and forty-eight shall be for replacement only; expansion of public and private plants, including the land necessary therefor, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; and procurement and installation of equipment, appliances, and machine tools in public and private plants; reserve plant and Government and contractor-owned equipment layaway; [as follows: For ship support equipment, \$673,909,000; for communications and electronics equipment, \$1,555,233,000; for aviation support equipment, \$699,405,000; for ordnance support equipment, \$926,162,000, of which \$698,000 shall be available only for procurement of 9mm handgun ammunition; for civil engineering support equipment, \$196,622,000; for supply support equipment, \$112,474,000; for personnel/command support equipment, \$275,601,000; in all: \$4,308,543,000] \$5,953,900,000, to remain available until September 30, [1986: Provided, That within the total amount appropriated, the subdivisions within this account shall be reduced by \$130,863,000 as follows: \$16,863,000 for spares and repair parts; \$20,000,000 undistributed reduction; \$4,000,000 for consultants, studies, and analyses; and \$90,000,000 for revised economic assumptions] 1987. (10 U.S.C. 5012, 5031; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1810-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations			
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate	
Program by activities:							
Direct:							
00.01	Ship support equipment.....	533,599	666,538	857,100	519,639	643,572	871,711
00.02	Communications and electronics equipment.....	1,412,635	1,513,422	1,813,800	1,148,456	1,442,741	1,591,031
00.03	Aviation support equipment.....	565,944	660,692	1,081,500	600,807	675,432	1,027,543
00.04	Ordnance support equipment.....	694,966	901,204	1,229,600	614,976	931,687	1,174,144
00.05	Civil engineering support equipment.....	169,648	186,395	313,300	137,182	245,207	291,113
00.06	Supply support equipment.....	87,822	106,365	130,100	82,758	132,509	144,372
00.07	Personnel and command support equipment.....	228,061	279,927	528,500	213,458	347,220	491,594
00.90	Total direct.....	3,692,675	4,314,543	5,953,900	3,317,276	4,418,368	5,591,508
01.01	Reimbursable.....	77,016	40,000	40,000	12,996	129,826	40,000
10.00	Total.....	3,769,691	4,354,543	5,993,900	3,330,272	4,548,194	5,631,508
Financing:							
Offsetting collections from:							
11.00	Federal funds.....	—18,698	—16,000	—16,000	—16,842	—16,000	—16,000
13.00	Trust funds.....	—57,834	—22,000	—22,000	—53,221	—22,000	—22,000
14.00	Non-Federal sources.....	—484	—2,000	—2,000	—660	—2,000	—2,000
17.00	Recovery of prior year obligations.....				—7,567		
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans.....				—1,245,915	—1,593,489	—1,427,838
21.40	Reprogramming from prior year budget plans.....	—93,120	28,000				
22.40	Unobligated balance transferred, net.....		28,000			—28,000	

24.40	Unobligated balance available, end of year: For completion of prior year budget plans				1,593,489	1,427,838	1,790,230
25.00	Unobligated balance lapsing	65,120			65,120		
39.00	Budget authority	3,664,675	4,314,543	5,953,900	3,664,675	4,314,543	5,953,900
Budget authority:							
40.00	Appropriation	3,727,075	4,308,543	5,953,900	3,727,075	4,308,543	5,953,900
40.00	Reduction pursuant to Public Law 97-377	-21,200			-21,200		
41.00	Transferred to other accounts	-50,900			-50,900		
42.00	Transferred from other accounts	9,700	6,000		9,700	6,000	
43.00	Appropriation (adjusted)	3,664,675	4,314,543	5,953,900	3,664,675	4,314,543	5,953,900
Relation of obligations to outlays:							
71.00	Obligations incurred, net				3,259,549	4,508,194	5,591,508
72.40	Obligated balance, start of year				4,806,333	4,874,750	5,994,344
74.40	Obligated balance, end of year				-4,874,750	-5,994,344	-7,523,452
77.00	Adjustments in expired accounts				22,227		
78.00	Adjustments in unexpired accounts				-7,567		
90.00	Outlays				3,205,792	3,388,600	4,062,400

Object Classification (in thousands of dollars)

Identification code	17-1810-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Other services:				
25.0	Purchases from industrial funds	44,466	48,897	48,897
25.0	Contracts	95,461	106,963	106,963
25.0	Other	49,055	55,179	55,179
26.0	Supplies and materials	700,347	786,814	786,814
31.0	Equipment	2,427,947	3,420,515	4,593,655
99.0	Subtotal, direct obligations	3,317,276	4,418,368	5,591,508
99.0	Reimbursable obligations	12,996	129,826	40,000
99.9	Total obligations	3,330,272	4,548,194	5,631,508

PROCUREMENT, MARINE CORPS

For expenses necessary for the procurement, manufacture, and modification of missiles, armament, ammunition, military equipment, spare parts, and accessories therefor; plant equipment, appliances, and machine tools, and installation thereof in public and private plants; reserve plant and Government and contractor-owned equipment layaway; vehicles for the Marine Corps, including purchase of not to exceed [two hundred and four] two hundred and nineteen passenger motor vehicles for replacement only; and expansion of public and private plants, including land necessary therefor, and such lands, and interests therein, may be acquired and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended; \$1,741,306,000]; \$1,978,581,000, to remain available for obligation until September 30, [1986] 1987. (10 U.S.C. 5031, 7201; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	17-1109-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Ammunition	448,504	414,438	460,520	435,649	423,990	458,238
00.02	Weapons and combat vehicles.....	446,010	440,655	467,360	445,030	432,233	449,050
00.03	Guided missiles and equipment.....	239,544	170,915	283,227	240,074	171,889	277,515
00.04	Communications and electronics equipment.....	433,650	279,278	295,898	358,881	303,234	291,393
00.05	Support vehicles	186,352	277,674	273,987	112,634	254,521	257,314
00.06	Engineer and other equipment	206,323	158,346	197,589	210,073	220,527	204,660
00.90	Total direct	1,960,383	1,741,306	1,978,581	1,802,341	1,806,394	1,938,170
01.01	Reimbursable.....	5,995	3,800	3,400		5,320	8,745
10.00	Total.....	1,966,378	1,745,106	1,981,981	1,802,341	1,811,714	1,946,915
Financing:							
11.00	Offsetting collections from: Federal funds.....	-5,995	-3,800	-3,400	-6,882	-3,800	-3,400
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans				-596,684	-756,270	-689,662
21.40	Reprogramming from prior year budget plans	-5,338					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans				756,270	689,662	724,728
25.00	Unobligated balance lapsing	5,338			5,338		
39.00	Budget authority	1,960,383	1,741,306	1,978,581	1,960,383	1,741,306	1,978,581
Budget authority:							
40.00	Appropriation.....	2,008,083	1,741,306	1,978,581	2,008,083	1,741,306	1,978,581
40.00	Reduction pursuant to Public Law 97-377	-11,200			-11,200		
41.00	Transferred to other accounts	-36,500			-36,500		
43.00	Appropriation (adjusted)	1,960,383	1,741,306	1,978,581	1,960,383	1,741,306	1,978,581

General and special funds—Continued

PROCUREMENT, MARINE CORPS—Continued
Program and Financing (in thousands of dollars)—Continued

Identification code 17-1109-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				1,795,459	1,807,914	1,943,515
72.40 Obligated balance, start of year.....				1,583,580	2,593,027	3,050,841
74.40 Obligated balance, end of year.....				-2,593,027	-3,050,841	-3,330,756
77.00 Adjustments in expired accounts.....				-2,040		
90.00 Outlays.....				783,972	1,350,100	1,663,600

Object Classification (in thousands of dollars)

Identification code 17-1109-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
26.0 Supplies and materials.....	435,649	423,990	458,238
31.0 Equipment.....	1,366,692	1,382,404	1,479,932
99.0 Subtotal, direct obligations.....	1,802,341	1,806,394	1,938,170
99.0 Reimbursable obligations.....		5,320	8,745
99.9 Total obligations.....	1,802,341	1,811,714	1,946,915

AIRCRAFT PROCUREMENT, AIR FORCE

[(INCLUDING TRANSFER OF FUNDS)]

For construction, procurement, and modification of aircraft and equipment, including armor and armament, specialized ground handling equipment, and training devices, spare parts, and accessories therefor; specialized equipment; expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land [without regard to section 9774 of title 10, United States Code], for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; [\$21,080,110,000, of which \$5,626,800,000 shall be available only for the purchase of the B-1B bomber under a multiyear contract, of which \$112,100,000 shall be available for contribution of the United States share of the cost of the acquisition by the

North Atlantic Treaty Organization of an Airborne Early Warning and Control System (AWACS) and, in addition, the Department of Defense may make a commitment to the North Atlantic Treaty Organization to assume the United States share of contingent liability in connection with the NATO E-3A Cooperative Programme; and in addition, \$310,200,000, which shall be derived by transfer from "Aircraft Procurement, Air Force, 1983/1985", of which \$288,200,000 shall be from the A-10 program, \$14,000,000 shall be from the C-135 modification program, and \$8,000,000 shall be from the C-130H program to be available only for the purchase of C-130H aircraft; and in addition, \$12,900,000, which shall be derived by transfer from "Aircraft Procurement, Air Force, 1982/1984", from the Civilian Reserve Airlift Fleet modification program to be available only for the Civilian Reserve Airlift Fleet modification program: *Provided*, That none of the funds in this Act may be obligated under the four major fiscal year 1984 production contracts for the B-1B bomber if the current dollar costs of such production contracts would exceed the Air Force's original current dollar estimates for the four major fiscal year 1984 B-1B production contracts based on the production portion of the \$20,500,000,000 estimate for the B-1B bomber baseline costs expressed in fiscal year 1981 constant dollars; \$28,676,500,000, to remain available for obligation until September 30, [1986: *Provided*, That none of the funds appropriated by this Act may be obligated for procurement of the alternate fighter engine until the Secretary of Defense notifies the appropriations committees of both the House and the Senate of his approval of the decision made by the source selection authority: *Provided further*, that nothing in this paragraph shall prohibit award of separate long lead contracts for essential parts and components necessary to meet the required delivery schedule for the alternate fighter engine] 1987. (5 U.S.C. 3109; 10 U.S.C. 2271-79, 2353, 2386, 2663, 2672, 2672a, 8012, 8062, 9501-02, 9505, 9531-32; 9741-42; 50 U.S.C. 451, 453, 455; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3010-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Combat aircraft.....	8,286,100	10,202,000	13,669,800	7,947,660	8,908,536	11,647,240
00.02 Airlift aircraft.....	1,116,000	1,519,000	2,154,500	720,202	1,382,347	2,035,788
00.03 Trainer aircraft.....		5,800	126,700		4,350	96,069
00.04 Other aircraft.....	173,800	172,400	249,500	152,486	177,790	77,263
00.05 Modification of inservice aircraft.....	2,462,500	2,626,310	3,382,100	2,241,910	2,752,984	3,382,017
00.06 Aircraft spares and repair parts.....	3,528,400	4,609,400	5,990,200	3,258,575	4,687,711	6,400,334
00.07 Aircraft support equipment and facilities.....	1,731,100	2,252,800	3,103,700	1,836,184	2,104,767	3,147,666
00.90 Total direct.....	17,297,900	21,387,710	28,676,500	16,157,017	20,018,485	26,786,377
01.01 Reimbursable.....	309,248	275,020	279,020	193,765	380,151	262,558
10.00 Total.....	17,607,148	21,662,730	28,955,520	16,350,782	20,398,636	27,048,935
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-54,939	-35,500	-36,500	-44,562	-35,500	-36,500
13.00 Trust funds.....	-254,050	-212,020	-213,020	-305,869	-212,020	-213,020
14.00 Non-Federal sources.....	-259	-27,500	-29,500	-532	-27,500	-29,500
17.00 Recovery of prior year obligations.....				-238,861		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				-4,664,702	-6,081,806	-7,345,900
21.40 Available to finance new budget plans.....	-170,000	-323,100		-170,000	-323,100	

21.40	Reprogramming from prior year budget plans	—119,839				
22.40	Unobligated balance transferred, net	19,571			19,571	
	Unobligated balance available, end of year:					
24.40	For completion of prior year budget plans				6,081,806	7,345,900
24.40	Available to finance subsequent year budget plans	323,100			323,100	9,252,485
25.00	Unobligated balance lapsing	257,368	323,100		257,368	323,100
39.00	Budget authority	17,608,100	21,387,710	28,676,500	17,608,100	21,387,710
	Budget authority:					
40.00	Appropriation	17,843,500	21,080,110	28,676,500	17,843,500	21,080,110
40.00	Reduction pursuant to Public Law 97-377	—101,100			—101,100	
40.01	Appropriation rescinded	—185,000			—185,000	
41.00	Transferred to other accounts	—119,300	—15,500		—119,300	—15,500
43.00	Appropriation (adjusted)	17,438,100	21,064,610	28,676,500	17,438,100	21,064,610
50.00	Reappropriation	170,000	323,100		170,000	323,100
	Relation of obligations to outlays:					
71.00	Obligations incurred net				15,999,819	20,123,616
72.40	Obligated balance, start of year				13,523,537	17,486,385
74.40	Obligated balance, end of year				—17,486,385	—23,771,101
77.00	Adjustments in expired accounts				604	
78.00	Adjustments in unexpired accounts				—238,861	
90.00	Outlays				11,798,713	13,838,900

Status of Direct Loans (in thousands of dollars)

Identification code	57-3010-0-1-051	1983 actual	1984 est.	1985 est.
	Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	12,399		
1251	Recoveries: Repayments and prepayments	—12,399		
1290	Outstanding, end of year			

Object Classification (in thousands of dollars)

Identification code	57-3010-0-1-051	1983 actual	1984 est.	1985 est.
31.0	Direct obligations: Equipment	16,157,017	20,018,485	26,786,377
99.0	Reimbursable obligations	193,765	380,151	262,558
99.9	Total obligations	16,350,782	20,398,636	27,048,935

MISSILE PROCUREMENT, AIR FORCE**[(INCLUDING TRANSFER OF FUNDS)]**

For construction, procurement, and modification of missiles, spacecraft, rockets, and related equipment, including spare parts and accessories therefor, ground handling equipment, and training devices;

expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land [without regard to section 9774 of title 10, United States Code], for the foregoing purposes, and such lands and interests therein, may be acquired and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; reserve plant and Government and contractor-owned equipment layaway; and other expenses necessary for the foregoing purposes including rents and transportation of things; [\$7,747,838,000, of which \$81,600,000 shall be available for the purchase of the phase III Defense Satellite Communications System (DSCS III) under a multiyear contract: *Provided*, That after the Secretary of the Air Force gives written notification of a proposed multiyear contract for the Defense Satellite Communications System to the Committees on Appropriations of the Senate and House of Representatives, such contract may not then be awarded until forty-five days after such notification; and of which \$200,000,000 for cooperative NATO air base defense shall not be available to support implementing an agreement with any foreign government until forty-five days after such agreement, together with supporting data including total program cost estimates, has been submitted to the Congress; and in addition, \$55,000,000, to be derived by transfer from "Missile Procurement, Air Force, 1983/1985" \$9,820,600,000, to remain available for obligation until September 30, [1986] 1987. (5 U.S.C. 3109; 10 U.S.C. 1905, 2271-79, 2363, 2386, 2653, 2672, 2672a, 8012, 8062, 9501-02, 9531-32, 9741-42; 50 U.S.C. 451, 453, 455; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	57-3020-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
	Program by activities:						
	Direct:						
00.01	Ballistic missiles		2,110,188	2,938,900	16,702	1,294,960	2,338,019
00.02	Other missiles	1,759,090	2,145,888	2,086,900	1,955,598	1,820,035	2,067,887
00.03	Modification of in-service missiles	95,210	137,350	162,300	151,528	87,981	150,506
00.04	Spare parts and repair parts	190,000	332,119	639,800	230,536	285,208	522,659
00.05	Other support	2,762,300	3,086,293	3,992,700	2,939,134	3,479,147	3,744,511
00.90	Total direct	4,806,600	7,811,838	9,820,600	5,293,498	6,967,331	8,823,582
01.01	Reimbursable	246,879	226,800	176,700	235,487	143,894	163,582
10.00	Total	5,053,479	8,038,638	9,997,300	5,528,985	7,111,225	8,987,164
	Financing:						
	Offsetting collections from:						
11.00	Federal funds	—243,166	—190,784	—134,568	—239,914	—190,784	—134,568
13.00	Trust funds	—3,707	—14,336	—27,012	—2,708	—14,336	—27,012
14.00	Non-Federal sources	—6	—21,680	—15,120	—14	—21,680	—15,120

General and special funds—Continued

MISSILE PROCUREMENT, AIR FORCE—Continued
Program and Financing (in thousands of dollars)—Continued

Identification code	57-3020-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
17.00	Recovery of prior year obligations.....				-110,276		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans.....				-2,454,561	-2,015,730	-2,943,143
21.40	Available to finance new budget plans.....	-35,900	-55,000		-35,900	-55,000	
21.40	Reprogramming from prior year budget plans.....	-69,359					
22.40	Unobligated balance transferred, net.....	48,400			48,400		
	Unobligated balance available, end of year:						
24.40	For completion of prior year budget plans.....				2,015,730	2,943,143	3,953,279
24.40	Available to finance subsequent year budget plans.....	55,000			55,000		
25.00	Unobligated balance lapsing.....	56,859	55,000		56,859	55,000	
39.00	Budget authority.....	4,861,600	7,811,838	9,820,600	4,861,600	7,811,838	9,820,600
	Budget authority:						
40.00	Appropriation.....	4,941,100	7,747,838	9,820,600	4,941,100	7,747,838	9,820,600
40.00	Reduction pursuant to Public Law 97-377.....	-21,600			-21,600		
41.00	Transferred to other accounts.....	-93,100			-93,100		
42.00	Transferred from other accounts.....	20,200	9,000		20,200	9,000	
43.00	Appropriation (adjusted).....	4,846,600	7,756,838	9,820,600	4,846,600	7,756,838	9,820,600
50.00	Reappropriation.....	15,000	55,000		15,000	55,000	
	Relation of obligations to outlays:						
71.00	Obligations incurred, net.....				5,286,349	6,884,425	8,810,464
72.40	Obligated balance, start of year.....				2,473,271	4,280,515	6,152,340
74.40	Obligated balance, end of year.....				-4,280,515	-6,152,340	-8,386,504
77.00	Adjustments in expired accounts.....				14,091		
78.00	Adjustments in unexpired accounts.....				-110,276		
90.00	Outlays.....				3,382,920	5,012,600	6,576,300

Object Classification (in thousands of dollars)

Identification code	57-3020-0-1-051	1983 actual	1984 est.	1985 est.
31.0	Direct obligations: Equipment.....	5,293,498	6,967,331	8,823,582
99.0	Reimbursable obligations.....	235,487	143,894	163,582
99.9	Total obligations.....	5,528,985	7,111,225	8,987,164

OTHER PROCUREMENT, AIR FORCE

For procurement and modification of equipment (including ground guidance and electronic control equipment, and ground electronic and communication equipment), and supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of not to exceed [five] six vehicles required for physical security of personnel notwithstanding price limitations applicable to passenger carrying vehicles but not to exceed [\$100,000] \$110,000 per vehicle and the purchase of not to exceed [one thousand two hundred and sixty-one] one thousand eight hundred and ninety-eight passenger motor vehicles of which [seven hundred and thirteen] one thousand six hundred and forty-seven shall be for replacement only; and expansion of public and private plants, Government-owned equipment and installation thereof in such plants, erection of structures, and acquisition of land [without regard to section 9774 of title 10, United States Code], for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon, prior to approval of title [as required by section 355, Revised Statutes, as amended]; reserve plant and Government and contractor-owned equipment layaway; [\$6,914,232,000, of which \$1,000,000 shall be available only for procurement of 9mm handguns and \$446,000 shall be available only for procurement of 9mm handgun ammunition] \$9,561,500,000, to remain available for obligation until September 30, [1986] 1987. (5 U.S.C. 3109; 10 U.S.C. 2110, 2353, 2386, 8012, 9505, 9531-32; 50 U.S.C. 491-94; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	57-3080-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Munitions and associated equipment	759,685	863,969	1,424,576	683,946	842,841	1,190,076
00.02	Vehicular equipment	346,876	314,050	441,598	307,209	401,239	413,830
00.03	Electronic and telecommunications equipment	1,330,177	1,680,503	2,692,730	1,134,799	1,522,841	2,623,799
00.04	Other base maintenance and support equipment	3,075,212	4,037,415	5,002,596	3,218,963	4,048,860	4,723,876
00.90	Total direct	5,511,950	6,895,937	9,561,500	5,344,917	6,815,781	8,951,581
01.01	Reimbursable	189,088	228,050	256,600	186,087	223,208	249,500
10.00	Total	5,701,038	7,123,987	9,818,100	5,531,004	7,038,989	9,201,081
Financing:							
Offsetting collections from:							
11.00	Federal funds	-170,652	-198,770	-226,460	-152,191	-198,770	-226,460
13.00	Trust funds	-16,730	-23,130	-23,130	-20,747	-23,130	-23,130

DEPARTMENT OF DEFENSE—MILITARY

PROCUREMENT—Continued
Federal Funds—Continued

I-G33

14.00	Non-Federal sources.....	-1,706	-6,150	-7,010	-2,898	-6,150	-7,010
17.00	Recovery of prior year obligations.....				-41,288		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans.....				-1,370,003	-1,522,044	-1,607,042
21.40	Available to finance new budget plans.....	-4,963			-4,963		
21.40	Reprogramming from prior year budget plans.....	-46,030					
22.40	Unobligated balance transferred, net.....	967			967		
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....				1,522,044	1,607,042	2,224,061
25.00	Unobligated balance lapsing.....	50,026			50,026		
39.00	Budget authority	5,511,950	6,895,937	9,561,500	5,511,950	6,895,937	9,561,500
	Budget authority:						
40.00	Appropriation.....	5,566,987	6,914,232	9,561,500	5,566,987	6,914,232	9,561,500
40.00	Reduction pursuant to Public Law 97-377.....	-17,800			-17,800		
41.00	Transferred to other accounts.....	-42,200	-18,295		-42,200	-18,295	
43.00	Appropriation (adjusted)	5,506,987	6,895,937	9,561,500	5,506,987	6,895,937	9,561,500
50.00	Reappropriation	4,963			4,963		
	Relation of obligations to outlays:						
71.00	Obligations incurred, net.....				5,355,168	6,810,939	8,944,481
72.40	Obligated balance, start of year.....				2,801,318	3,416,918	4,179,457
74.40	Obligated balance, end of year.....				-3,416,918	-4,179,457	-5,641,738
77.00	Adjustments in expired accounts.....				6,224		
78.00	Adjustments in unexpired accounts.....				-41,288		
90.00	Outlays				4,704,505	6,048,400	7,482,200

Object Classification (in thousands of dollars)

Identification code	57-3080-0-1-051	1983 actual	1984 est.	1985 est.
31.0	Direct obligations: Equipment.....	5,344,917	6,815,781	8,951,581
99.0	Reimbursable obligations.....	186,087	223,208	249,500
99.9	Total obligations	5,531,004	7,038,989	9,201,081

PROCUREMENT, DEFENSE AGENCIES

For expenses of activities and agencies of the Department of Defense (other than the military departments) necessary for procurement, production, and modification of equipment, supplies, materials, and spare parts therefor, not otherwise provided for; the purchase of

not to exceed [seven] twenty-five vehicles required for physical security of personnel notwithstanding price limitations applicable to passenger carrying vehicles but not to exceed [\$100,000] \$110,000 per vehicle and the purchase of not to exceed [seven hundred and twenty-two] one hundred and thirty-two passenger motor vehicles of which [three hundred and ninety-three] one hundred and twenty-seven shall be for replacement only; expansion of public and private plants, equipment, and installation thereof in such plants, erection of structures, and acquisition of land for the foregoing purposes, and such lands and interests therein, may be acquired, and construction prosecuted thereon prior to approval of title [as required by section 355, Revised Statutes, as amended]; reserve plant and Government and contractor-owned equipment layaway; [\$942,657,000] \$1,243,500,000, to remain available for obligation until September 30, [1986] 1987. (Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 97-0300-0-1-051		Budget plan (amounts for procurement actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
00.01	Direct: Major equipment.....	823,545	947,157	1,243,500	747,176	887,096	1,137,813
01.01	Reimbursable.....	43,184	59,451	61,508	42,186	58,613	61,508
10.00	Total.....	866,729	1,006,608	1,305,008	789,362	945,709	1,199,321
Financing:							
Offsetting collections from:							
11.00	Federal funds.....	-40,726	-59,451	-61,508	-39,513	-59,451	-61,508
13.00	Trust funds.....	-2,458			-2,436		
14.00	Non-Federal sources.....				-34		
17.00	Recovery of prior year obligations.....				-6,511		
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans.....				-246,143	-324,399	-385,298
21.40	Reprogramming from prior year budget plans.....	-4,422					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....				324,399	385,298	490,985
25.00	Unobligated balance lapsing.....	4,422			4,422		
39.00	Budget authority.....	823,545	947,157	1,243,500	823,545	947,157	1,243,500
Budget authority:							
40.00	Appropriation.....	828,145	942,657	1,243,500	828,145	942,657	1,243,500
40.00	Reduction pursuant to Public Law 97-377.....	-4,600			-4,600		
42.00	Transferred from other accounts.....		4,500			4,500	

General and special funds—Continued

PROCUREMENT, DEFENSE AGENCIES—Continued
Program and Financing (in thousands of dollars)—Continued

Identification code 97-0300-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
43.00 Appropriation (adjusted).....	823,545	947,157	1,243,500	823,545	947,157	1,243,500
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				747,379	886,258	1,137,813
72.40 Obligated balance, start of year.....				305,793	559,679	749,937
74.40 Obligated balance, end of year.....				-559,679	-749,937	-1,001,550
77.00 Adjustments in expired accounts.....				5,573		
78.00 Adjustments in unexpired accounts.....				-6,511		
90.00 Outlays.....				492,554	696,000	886,200

Object Classification (in thousands of dollars)

Identification code 97-0300-0-1-051	1983 actual	1984 est.	1985 est.
31.0 Direct obligations: Equipment.....	747,176	887,096	1,137,813
99.0 Reimbursable obligations.....	42,186	58,613	61,508
99.9 Total obligations.....	789,362	945,709	1,199,321

[NATIONAL GUARD AND RESERVE EQUIPMENT]

For procurement of aircraft, missiles, tracked combat vehicles, and other procurement for the reserve components of the Armed Forces, not to exceed \$176,000,000, to remain available until September 30, 1986, distributed as follows: Army National Guard, not to exceed \$100,000,000; Air National Guard, not to exceed \$25,000,000; Naval Reserve, not to exceed \$51,000,000. (Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code 97-0350-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 est.	1985 est.	1983 actual	1984 est.	1985 est.
Program by activities:						
00.01 Reserve Equipment.....	60,000	51,000		28,054	51,167	26,575
00.02 National Guard equipment.....	65,000	125,000		54,481	97,881	25,240
10.00 Total (object class 31.0).....	125,000	176,000		82,535	149,048	51,815
Financing:						
21.40 Unobligated balance available, start of year.....					-42,465	-69,417
24.40 Unobligated balance available, end of year: for completion prior year budget plans.....				42,465	69,417	17,602
40.00 Budget authority.....	125,000	176,000		125,000	176,000	
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				82,535	149,048	51,815
72.40 Obligated balance, start of year.....				50,000	129,557	239,305
74.40 Obligated balance, end of year.....				-129,557	-239,305	-131,820
90.00 Outlays.....				2,978	39,300	159,300
Distribution of budget authority by account:						
National Guard and Reserve equipment, defense.....	125,000	176,000		125,000	176,000	
Distribution of outlays by account:						
National Guard and Reserve equipment, defense.....				452	16,800	141,800
Army National Guard Equipment.....				2,526	22,500	17,500

[ACQUISITION, CONSTRUCTION, AND IMPROVEMENTS, COAST GUARD]

For acquisition, construction, and improvements, not otherwise provided for; \$300,000,000, to be transferred to the Coast Guard: "Ac-

quisition, Construction, and Improvements", to remain available for obligation until September 30, 1986. (Department of Defense Appropriation Act, 1984.)

Program and financing (in thousands of dollars)

Identification code 97-0809-0-1-051	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Budget authority:						
40.00 Appropriation.....		300,000			300,000	
41.00 Transferred to other accounts.....		-300,000			-300,000	
43.00 Appropriation (adjusted).....						

Relation of obligations to outlays:

71.00	Obligations incurred, net .....	.....	.....	.....
90.00	Outlays.....	.....	.....	.....

DEFENSE PRODUCTION ACT PURCHASES

For purchases or commitments to purchase metals, minerals, or other materials by the Department of Defense pursuant to section 303

of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2093); \$25,000,000 to remain available for obligation until September 30, 1987. (Authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	Budget plan (amounts for procurement actions programmed)			Obligations		
	1983 actual	1984 est.	1985 est.	1983 actual	1984 est.	1985 est.
Program by activities:						
10.00	Defense Production Act purchases total (object class 26.0) ..		25,000			25,000
Financing:						
40.00	Budget authority (appropriation)		25,000			25,000
Relation of obligations to outlays:						
71.00	Obligations incurred, net.....					25,000
74.40	Obligated balance, end of year.....					-25,000
90.00	Outlays.....					

PROCUREMENT OF AIRCRAFT AND MISSILES, NAVY**Program and Financing (in thousands of dollars)**

Identification code 17-1505-0-1-051	1983 actual	1984 est.	1985 est.
Relation of obligations to outlays:			
71.00	Obligations incurred, net .....		.....
72.40	Obligated balance, start of year		47,531 43,425 38,425
74.40	Obligated balance, end of year		-43,425 -38,425 -34,425
77.00	Adjustments in expired accounts		1,754
90.00	Outlays.....		5,861 5,000 4,000

cover annual needs. The following chart shows RDT&E funding by activity:

(In thousands of dollars)

Summary of program by activities:	1983 actual	Budget plan 1984 estimate	1985 estimate
1. Technology base	3,238,055	3,042,185	3,226,250
2. Advanced technology development	822,525	1,386,195	3,442,228
3. Strategic programs	5,825,208	7,842,682	8,714,035
4. Tactical programs	7,254,970	7,908,741	10,510,057
5. Intelligence and communications	2,708,625	3,404,186	4,215,671
6. Defensewide mission support	2,975,401	3,284,230	3,876,796
Total direct	22,824,784	26,868,219	33,985,037

During the development of weapon systems, special management emphasis is placed on achieving savings through eliminating duplicate or marginal programs, increased testing, increased competition, and developing realistic budgets.

The 1985 program provides for development of the Peacekeeper and Trident II strategic missile systems, as well as of a guided missile destroyer (DDG), a rotary wing aircraft (JVX), a joint Army and Air Force tactical missile system, and a derivative fighter aircraft for the Air Force. Effort will begin on a new nuclear attack submarine, a new light helicopter, and a new Strategic Defense Initiative.

PROCUREMENT OF EQUIPMENT AND MISSILES, ARMY**Program and Financing (in thousands of dollars)**

Identification code 21-2030-0-1-051	1983 actual	1984 est.	1985 est.
Relation of obligations to outlays:			
71.00	Obligations incurred, net .....		.....
72.40	Obligated balance, start of year		537 358 58
74.40	Obligated balance, end of year		-358 -58 -58
77.00	Adjustments in expired accounts		1,833
90.00	Outlays.....		2,011 300

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Programs in this title support modernization through development and testing of full-scale, preproduction hardware, development of prototypes, fabrication of technology-demonstration devices and support of military research and exploratory development. This work is performed by industrial contractors, Government laboratories, universities and nonprofit organizations.

Research and development programs are funded to

Federal Funds**General and special funds:****RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY**

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; [\$4,199,125,000, of which \$15,000,000 shall be available only for integration (including qualification) of the Hellfire missile on the UH-60 helicopter] \$4,987,100,000, to remain available for obligation until September 30, [1985] 1986. (10 U.S.C. 2353, 4503; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

General and special funds—Continued

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, ARMY—Continued

Program and Financing (in thousands of dollars)

Identification code 21-2040-0-1-051		Budget plan (amounts for research, development, test, and evaluation actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Technology base	675,168	687,186	787,734	676,355	656,400	782,200
00.02	Advanced technology development	257,434	317,709	557,338	260,208	306,000	540,100
00.03	Strategic programs	570,976	514,693	227,033	554,774	501,400	244,100
00.04	Tactical programs	1,499,672	1,814,104	2,329,995	1,464,215	1,885,397	2,294,509
00.05	Intelligence and communications	75,809	76,913	67,572	75,646	76,200	70,600
00.06	Defensewide mission support	816,224	848,770	1,017,428	800,682	837,400	1,006,600
00.90	Total direct	3,895,283	4,259,375	4,987,100	3,831,880	4,262,797	4,938,109
01.01	Reimbursable	905,605	850,000	875,500	833,465	947,400	868,000
10.00	Total	4,800,888	5,109,375	5,862,600	4,665,345	5,210,197	5,806,109
Financing:							
Offsetting collections from:							
11.00	Federal funds	-889,951	-824,190	-847,090	-848,346	-824,190	-847,090
13.00	Trust funds	-474	-800	-900	-413	-800	-900
14.00	Non-Federal sources	-15,173	-25,000	-27,500	-15,333	-25,000	-27,500
15.00	Off-budget Federal entities	-7	-10	-10	-7	-10	-10
17.00	Recovery of prior year obligations				-25,033		
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans				-362,809	-464,025	-383,203
21.40	Reprogramming from or to prior year budget plans	-17,854	20,000				
22.40	Unobligated balance transferred, net	-10,000	-20,000		-10,000	-20,000	
24.00	Unobligated balance available, end of year: For completion of prior year budget plans				464,025	383,203	439,694
25.00	Unobligated balance lapsing	7,854			7,854		
39.00	Budget authority	3,875,283	4,259,375	4,987,100	3,875,283	4,259,375	4,987,100
Budget authority:							
40.00	Appropriation	3,879,683	4,199,125	4,987,100	3,879,683	4,199,125	4,987,100
41.00	Transferred to other accounts	-10,700	-30,000		-10,700	-30,000	
42.00	Transferred from other accounts	6,300	90,250		6,300	90,250	
43.00	Appropriation (adjusted)	3,875,283	4,259,375	4,987,100	3,875,283	4,259,375	4,987,100
Relation of obligations to outlays:							
71.00	Obligations incurred, net				3,801,246	4,360,197	4,930,609
72.40	Obligated balance, start of year				1,620,332	1,725,073	2,054,770
74.40	Obligated balance, end of year				-1,725,073	-2,054,770	-2,406,379
77.00	Adjustments in expired accounts				-13,458		
78.00	Adjustments in unexpired accounts				-25,033		
90.00	Outlays				3,658,014	4,030,500	4,579,000

Object Classification (in thousands of dollars)

Identification code 21-2040-0-1-051		1983 actual	1984 est.	1985 est.				
Direct obligations:					26.0	Supplies and materials	81,899	83,900
Personnel compensation:					31.0	Equipment	96,949	102,900
11.1	Full-time permanent	381,838	386,347	398,585	41.0	Grants, subsidies, and contributions	4,236	1,600
11.3	Other than full-time permanent	19,140	19,457	17,815	99.0	Subtotal, direct obligations	3,831,880	4,262,797
11.5	Other personnel compensation	9,309	4,891	6,220	99.0	Reimbursable obligations	833,465	947,400
11.9	Total personnel compensation	410,287	410,695	422,620	99.9	Total obligations	4,665,345	5,210,197
12.1	Personnel benefits: Civilian	42,714	47,587	48,435				
21.0	Travel and transportation of persons	27,165	32,700	38,800	Personnel Summary			
22.0	Transportation of things	9,629	11,100	12,000	Total number of full-time permanent positions			
23.2	Communications, utilities, and other rent	22,736	22,300	23,400	Total compensable workyears:			
24.0	Printing and reproduction	864	700	800	Full-time equivalent employment			
Other services:					Full-time equivalent of overtime and holiday hours			
25.0	Purchases from industrial funds	237,820	225,600	210,700				
25.0	Contracts	2,897,581	3,323,715	3,989,154				

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; [\$7,559,818,000, of which not less than \$72,593,000 shall be available only for the Mark 92 fire control system which includes the phased array radar improvement program and of which not less than

\$61,165,000 shall be available only for the Marine Corps Assault Vehicles program which includes the MPGS, LVT(X), and LAV sub-projects] \$9,826,076,000, to remain available for obligation until September 30, [1985] 1986. (10 U.S.C. 174, 2352-54, 5150-53, 7201, 7203, 7522; Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1319-0-1-051		Budget plan (amounts for research, development, test, and evaluation actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Technology base	833,154	760,479	828,172	826,907	734,539	852,197
00.02	Advanced technology development	149,779	175,760	286,399	154,736	170,447	260,145
00.03	Strategic programs	630,425	1,767,154	2,380,055	630,251	1,675,028	2,410,051
00.04	Tactical programs	3,614,319	3,891,400	5,223,531	3,567,742	3,959,819	5,058,333
00.05	Intelligence and communications	266,835	337,324	421,535	259,803	331,663	401,718
00.06	Defensewide mission support	605,619	639,601	686,384	599,067	628,498	701,338
00.90	Total direct	6,100,131	7,571,718	9,826,076	6,038,506	7,499,994	9,683,784
01.01	Reimbursable	229,406	255,000	255,000	226,165	250,707	255,000
10.00	Total	6,329,537	7,826,718	10,081,076	6,264,671	7,750,701	9,938,784
Financing:							
Offsetting collections from:							
11.00	Federal funds	-228,837	-253,050	-253,050	-228,853	-253,050	-253,050
13.00	Trust funds		-450	-450		-450	-450
14.00	Non-Federal sources	-569	-1,500	-1,500	-589	-1,500	-1,500
17.00	Recovery of prior year obligations				-4,040		
21.40	Unobligated balance available, start of year: For completion of prior year budget plans				-293,448	-352,279	-438,296
21.40	Reprogramming from or to prior year budget plans	-10,111	10,000				
22.40	Unobligated balance transferred, net	-34,800	-10,000		-34,800	-10,000	
24.40	Unobligated balance available, end of year: For completion of prior year budget plans				352,279	438,296	580,588
25.00	Unobligated balance lapsing	38,411			38,411		
39.00	Budget authority	6,093,631	7,571,718	9,826,076	6,093,631	7,571,718	9,826,076
Budget authority:							
40.00	Appropriation	5,967,251	7,559,818	9,826,076	5,967,251	7,559,818	9,826,076
42.00	Transferred from other accounts	96,080	11,900		96,080	11,900	
43.00	Appropriation (adjusted)	6,063,331	7,571,718	9,826,076	6,063,331	7,571,718	9,826,076
50.00	Reappropriation	30,300			30,300		
Relation of obligations to outlays:							
71.00	Obligations incurred, net				6,035,229	7,495,701	9,683,784
72.40	Obligated balance, start of year				3,198,239	3,369,213	4,049,614
74.40	Obligated balance, end of year				-3,369,213	-4,049,614	-5,113,398
77.00	Adjustments in expired accounts				-6,325		
78.00	Adjustments in unexpired accounts				-4,040		
90.00	Outlays				5,853,891	6,815,300	8,620,000
Object Classification (in thousands of dollars)							
		24.0	Printing and reproduction	1,109	1,170	1,220	
		25.0	Other services:				
		25.0	Purchases from industrial funds	1,589,869	1,673,702	1,905,484	
		25.0	Contracts	3,711,929	5,080,046	6,998,594	
		25.0	Other	614,515	630,000	660,000	
		26.0	Supplies and materials	9,472	9,870	10,380	
		31.0	Equipment	19,618	16,400	17,200	
		32.0	Lands and structures	1,193	1,240	1,290	
		41.0	Grants, subsidies, and contributions	2,505	2,620	2,710	
		99.0	Subtotal, direct obligations	6,038,506	7,499,994	9,683,784	
		99.0	Reimbursable obligations	226,165	250,707	255,000	
		99.9	Total obligations	6,264,671	7,750,701	9,938,784	
Identification code 17-1319-0-1-051		1983 actual	1984 est.	1985 est.			
Direct obligations:							
Personnel compensation:							
11.1	Full-time permanent	47,272	44,365	44,705			
11.3	Other than full-time permanent	7,990	5,958	5,995			
11.5	Other personnel compensation	1,104	994	1,014			
11.9	Total personnel compensation	56,366	51,317	51,714			
12.1	Personnel benefits: Civilian	6,157	5,729	5,972			
21.0	Travel and transportation of persons	15,156	16,750	17,550			
22.0	Transportation of things	2,942	3,090	3,230			
23.2	Communications, utilities, and other rent	7,675	8,060	8,440			

General and special funds—Continued

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, NAVY—Continued

Personnel Summary

Direct:			
Total number of full-time permanent positions.....	2,082	2,212	2,212
Total compensable workyears:			
Full-time equivalent employment.....	2,428	2,492	2,484
Full-time equivalent of overtime and holiday hours.....	29	30	30

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, AIR FORCE

For expenses necessary for basic and applied scientific research, development, test, and evaluation, including maintenance, rehabilitation, lease and operation of facilities and equipment, as authorized by law; [\$12,227,706,000, of which \$23,500,000 shall not be made available for obligation on visible/ultraviolet laser technology prior to the submission of a report by the Department of Defense Defensive Technologies Study Team recommending a plan for the expenditure of laser technology funds] \$14,401,955,000, to remain available for obligation until September 30, [1985] 1986. (5 U.S.C. 3109; 10 U.S.C. 174, 1581, 1584, 2271-79, 2352-54, 2386, 2663, 2672, 2672a, 8012, 9503-04, 9532; 42 U.S.C. 1891-92; 50 U.S.C. App. 2093(g); Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	Budget plan (amounts for research, development, test, and evaluation actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Technology base.....	696,383	727,258	777,656	688,369	701,995	783,434
00.02 Advanced technology development.....	415,312	557,229	605,180	415,399	550,116	598,145
00.03 Strategic programs.....	4,538,846	5,484,358	6,047,503	4,391,872	5,612,829	6,088,777
00.04 Tactical programs.....	2,140,279	2,201,177	2,954,397	2,173,523	2,311,572	2,689,929
00.05 Intelligence and communications.....	1,391,972	1,607,768	2,018,033	1,402,212	1,542,899	2,081,874
00.06 Defensewide mission support.....	1,438,389	1,642,916	1,999,186	1,379,741	1,652,517	2,046,239
00.90 Total direct.....	10,621,181	12,220,706	14,401,955	10,451,116	12,371,928	14,288,398
01.01 Reimbursable.....	797,969	938,600	950,400	929,844	711,075	947,725
10.00 Total.....	11,419,150	13,159,306	15,352,355	11,380,960	13,083,003	15,236,123
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-754,450	-882,800	-893,176	-724,521	-882,800	-893,176
13.00 Trust funds.....	-15,524	-28,500	-29,600	-16,635	-28,500	-29,600
14.00 Non-Federal sources.....	-27,995	-27,300	-27,624	-39,794	-27,300	-27,624
17.00 Recovery of prior year obligations.....				-24,337		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				-568,376	-621,140	-697,443
21.40 Reprograming to prior year budget plan.....	7,257					
22.40 Unobligated balance transferred, net.....	-68,938			-68,938		
24.40 Unobligated balance available, end of year: For completion of prior year budget plans.....				621,140	697,443	813,675
25.00 Unobligated balance lapsing.....	61,681			61,681		
39.00 Budget authority.....	10,621,181	12,220,706	14,401,955	10,621,181	12,220,706	14,401,955
Budget authority:						
40.00 Appropriation.....	10,650,661	12,227,706	14,401,955	10,650,661	12,227,706	14,401,955
41.00 Transferred to other accounts.....	-102,650	-10,000		-102,650	-10,000	
42.00 Transferred from other accounts.....	43,200	3,000		43,200	3,000	
43.00 Appropriation (adjusted).....	10,591,211	12,220,706	14,401,955	10,591,211	12,220,706	14,401,955
50.00 Reappropriation.....	29,970			29,970		
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				10,600,010	12,144,403	14,285,723
72.40 Obligated balance, start of year.....				3,439,038	4,837,936	5,139,039
74.40 Obligated balance, end of year.....				-4,837,936	-5,139,039	-5,846,662
77.00 Adjustments in expired accounts.....				4,924		
78.00 Adjustments in unexpired accounts.....				-24,337		
90.00 Outlays.....				9,181,700	11,843,300	13,578,100

Object Classification (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.			
Direct obligations:						
Personnel compensation:						
11.1 Full-time permanent.....	524,171	540,141	566,094	12.1 Personnel benefits: Civilian.....	60,058	61,214
11.3 Other than full-time permanent.....	7,711	6,610	7,000	21.0 Travel and transportation of persons.....	56,853	60,174
11.5 Other personnel compensation.....	13,559	12,415	13,390	22.0 Transportation of things.....	5,019	5,050
11.9 Total personnel compensation.....	545,441	559,166	586,484	23.2 Communications, utilities, and other rent.....	80,926	82,800
				24.0 Printing and reproduction.....	1,759	1,800
				Other services:		
				25.0 Purchases from industrial funds.....	36,738	37,400

25.0	Contracts.....	9,534,106	11,431,024	13,313,749
26.0	Supplies and materials.....	87,596	89,700	90,638
31.0	Equipment.....	42,620	43,600	43,800
99.0	Subtotal, direct obligations.....	10,451,116	12,371,928	14,288,398
99.0	Reimbursable obligations.....	929,844	711,075	947,725
99.9	Total obligations.....	11,380,960	13,083,003	15,236,123

Personnel Summary

Total number of full-time permanent positions.....	19,162	19,053	19,318
Total compensable workyears:			
Full-time equivalent employment.....	19,698	19,740	19,313
Full-time equivalent of overtime and holiday hours.....	225	220	222

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE AGENCIES

For expenses of activities and agencies of the Department of Defense (other than the military departments), necessary for basic and

applied scientific research, development, test, and evaluation; advanced research projects as may be designated and determined by the Secretary of Defense, pursuant to law; maintenance, rehabilitation, lease, and operation of facilities and equipment, as authorized by law; \$2,703,620,000, of which \$20,000,000 shall not be made available for obligation on short wavelength laser technology prior to the submission of a report by the Department of Defense Defense Technologies Study Team recommending a plan for the expenditure of laser technology funds] \$4,707,906,000, to remain available for obligation until September 30, [1985] 1986: Provided, That such amounts as may be determined by the Secretary of Defense to have been made available in other appropriations available to the Department of Defense during the current fiscal year for programs related to advanced research may be transferred to and merged with this appropriation to be available for the same purposes and time period: Provided further, That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to carry out the purposes of advanced research to those appropriations for military functions under the Department of Defense which are being utilized for related programs to be merged with and to be available for the same time period as the appropriation to which transferred. (Department of Defense Appropriation Act, 1984; additional authorizing legislation to be provided.)

Program and Financing (in thousands of dollars)

Identification code 97-0400-0-1-051	Budget plan (amounts for research, development, test, and evaluation actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Technology base.....	1,033,350	867,262	832,688	999,669	872,369	866,503
00.02 Advanced technology development.....		335,497	1,993,311		323,618	1,826,969
00.03 Strategic programs.....	84,961	76,477	59,444	77,625	77,239	63,657
00.04 Tactical programs.....	700	2,060	2,134	768	2,151	2,039
00.05 Intelligence and communications.....	974,009	1,382,181	1,708,531	925,635	1,370,165	1,658,494
00.06 Defensewide mission support.....	60,169	103,943	111,798	54,378	100,820	100,783
00.90 Total direct.....	2,153,189	2,767,420	4,707,906	2,058,075	2,746,362	4,518,445
01.01 Reimbursable.....	31,019	36,150	36,850	32,923	36,313	36,850
10.00 Total.....	2,184,208	2,803,570	4,744,756	2,090,998	2,782,675	4,555,295
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-27,953	-36,150	-36,850	-27,941	-36,150	-36,850
13.00 Trust funds.....	-2,495			-2,495		
14.00 Non-Federal sources.....	-571			-576		
17.00 Recovery of prior year obligations.....				-2,190		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				-164,822	-252,733	-273,628
21.40 Reprograming from prior year budget plans.....	-7,483					
24.40 Unobligated balance available, end of year: For completion of prior year budget plans.....				252,733	273,628	463,089
25.00 Unobligated balance lapsing.....	7,483			7,483		
39.00 Budget authority.....	2,153,189	2,767,420	4,707,906	2,153,189	2,767,420	4,707,906
Budget authority:						
40.00 Appropriation.....	2,153,189	2,703,620	4,707,906	2,153,189	2,703,620	4,707,906
42.00 Transferred from other accounts.....		63,800			63,800	
43.00 Appropriation (adjusted).....	2,153,189	2,767,420	4,707,906	2,153,189	2,767,420	4,707,906
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				2,059,986	2,746,525	4,518,445
72.40 Obligated balance, start of year.....				816,939	1,054,697	1,389,122
74.40 Obligated balance, end of year.....				-1,054,697	-1,389,122	-2,281,067
77.00 Adjustments in expired accounts.....				-2,696		
78.00 Adjustments in unexpired accounts.....				-2,190		
90.00 Outlays.....				1,817,341	2,412,100	3,626,500

General and special funds—Continued

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION, DEFENSE
AGENCIES—Continued

Object Classification (in thousands of dollars)

Identification code	97-0400-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	19,842	22,569	23,583
11.3	Other than full-time permanent	787	236	239
11.5	Other personnel compensation	513	540	551
11.8	Special personal services payments	40	187	188
11.9	Total personnel compensation	21,182	23,532	24,561
12.1	Personnel benefits: Civilian	2,224	2,418	2,580
21.0	Travel and transportation of persons	8,283	10,542	10,952
22.0	Transportation of things	367	360	433
23.1	Standard level user charges	410	460	650
23.2	Communications, utilities, and other rent	13,545	12,999	15,395
24.0	Printing and reproduction	315	243	250
Other services:				
25.0	Purchases from industrial funds	82,497	99,279	109,412
25.0	Contracts	1,497,933	1,865,708	3,237,379
25.0	Other	343,587	639,820	992,235
26.0	Supplies and materials	16,657	13,145	16,705

Program and Financing (in thousands of dollars)

Identification code	97-0450-0-1-051	Budget plan (amounts for research, development, test, and evaluation actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
10.00	Defensewide mission support	55,000	49,000	62,000	61,582	52,650	58,762
Financing:							
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans				-22,598	-15,912	-12,262
21.40	Reprogramming from prior year budget plans	-104					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans				15,912	12,262	15,500
25.00	Unobligated balance lapsing	104			104		
40.00	Budget authority (appropriation)	55,000	49,000	62,000	55,000	49,000	62,000
Relation of obligations to outlays:							
71.00	Obligations incurred, net				61,582	52,650	58,762
72.40	Obligated balance, start of year				28,479	45,614	42,464
74.40	Obligated balance, end of year				-45,614	-42,464	-47,326
77.00	Adjustments in expired accounts				-1,125		
90.00	Outlays				43,321	55,800	53,900

Object Classification (in thousands of dollars)

Identification code	97-0450-0-1-051	1983 actual	1984 est.	1985 est.
21.0	Travel and transportation of persons	55	60	65
25.0	Other services: Contracts	61,527	52,590	58,697
99.9	Total obligations	61,582	52,650	58,762

MILITARY CONSTRUCTION

The direct military construction programs for the Armed Forces, both Active and Reserve, shown in the individual schedules of this title are summarized in the following table (in thousands of dollars):

MILITARY CONSTRUCTION PROGRAM

	1983 actual	1984 estimate	1985 estimate
Active Forces	3,470,884	3,892,650	6,010,700

31.0	Equipment	70,751	77,356	107,393
41.0	Grants, subsidies, and contributions	324	500	500
99.0	Subtotal, direct obligations	2,058,075	2,746,362	4,518,445
99.0	Reimbursable obligations	32,923	36,313	36,850
99.9	Total obligations	2,090,998	2,782,675	4,555,295

Personnel Summary

Total number of full-time permanent positions	767	921	909
Total compensable workyears:			
Full-time equivalent employment	828	909	843
Full-time equivalent of overtime and holiday hours	12	13	13

DIRECTOR OF TEST AND EVALUATION, DEFENSE

For expenses, not otherwise provided for, of independent activities of the Director of Defense Test and Evaluation in the direction and supervision of test and evaluation, including initial operational testing and evaluation; and performance of joint testing and evaluation; and administrative expenses in connection therewith; **[\$49,000,000] \$62,000,000**, to remain available for obligation until September 30, **[1985] 1986**. (Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.)

Reserve Forces	285,458	303,013	390,800
Interservice activities	566,797	581,802	756,200
Total	4,323,139	4,777,465	7,157,700

The 1985 military construction program will support new construction needed to improve living and working conditions, as well as for the introduction of new weapon systems. Weapon systems entering the inventory that require new construction include naval vessels, the M-1 tank, the Multiple Launch Rocket system, the Division Air Defense (DIVAD) gun system, and the B-1 bomber. The program continues initiatives to reduce operating costs, increase productivity, and conserve energy by upgrading or replacing facilities which have become functionally obsolete or can be made more efficient through relatively modest investments in improvements.

Federal Funds

General and special funds:

MILITARY CONSTRUCTION, ARMY

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property of the Army as currently authorized by law, and for construction and operation of facilities in support of the functions of the Commander-in-Chief, [\$1,184,140,000] \$1,900,000,000, to remain

available until [September 30, 1988] expended: Provided, That of this amount, not to exceed [\$173,500,000] \$190,000,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor. (10 U.S.C. 2675, 2802-05, 2807, 2828, 2851-54, 2857; Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 21-2050-0-1-051

	Budget plan (amounts for construction actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
00.01 Major construction.....	727,060	980,640	1,676,500	654,227	802,117	1,345,832
00.02 Minor construction.....	54,420	30,000	33,000	58,104	40,500	38,000
00.03 Planning.....	145,240	173,500	190,000	134,981	195,380	185,938
00.04 Supporting activities.....	3,000	.....	500	2,812	3,584	500
00.90 Total direct.....	929,720	1,184,140	1,900,000	850,124	1,041,581	1,570,270
01.01 Reimbursable.....	936,541	780,000	815,000	894,634	942,027	865,910
10.00 Total.....	1,866,261	1,964,140	2,715,000	1,744,758	1,983,608	2,436,180
Financing:						
Offsetting collections from:						
11.00 Federal funds.....	-909,534	-736,000	-761,500	-986,876	-736,000	-761,500
13.00 Trust funds.....	-16,787	-44,000	-53,500	141,001	-44,000	-53,500
14.00 Non-Federal sources.....	-10,220	.....	.....	8,416	.....	.....
17.00 Recovery of prior year obligations.....	.....	.....	.....	-716	.....	.....
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....	.....	.....	.....	-909,443	-894,167	-874,699
21.40 Reprogramming from or to prior year budget plans.....	-38,412	.....	.....	.....	.....	.....
Unobligated balance available, end of year: For completion of prior year budget plans.....						
24.40.....	.....	.....	.....	894,167	874,699	1,153,519
25.00 Unobligated balance lapsing.....	38,412	.....	.....	38,412	.....	.....
40.00 Budget authority (appropriation).....	929,720	1,184,140	1,900,000	929,720	1,184,140	1,900,000
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....	.....	.....	.....	907,299	1,203,608	1,621,180
72.40 Obligated balance, start of year.....	.....	.....	.....	643,438	698,792	1,034,300
74.40 Obligated balance, end of year.....	.....	.....	.....	-698,792	-1,034,300	-1,524,680
78.00 Adjustments in unexpired accounts.....	.....	.....	.....	-716	.....	.....
90.00 Outlays.....	.....	.....	.....	851,229	868,100	1,130,800

Object Classification (in thousands of dollars)

Identification code 21-2050-0-1-051

	1983 actual	1984 est.	1985 est.
DEPARTMENT OF THE ARMY			
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent.....	67,298	59,301	65,935
11.3 Other than full-time permanent.....	8,075	7,383	7,839
11.5 Other personnel compensation.....	2,692	2,463	2,666
11.9 Total personnel compensation.....	78,065	69,147	76,440
12.1 Personnel benefits: Civilian.....	9,081	8,112	8,675
21.0 Travel and transportation of persons.....	1,680	2,802	2,886
22.0 Transportation of things.....	923	1,800	1,850
23.2 Communications, utilities, and other rent.....	5,940	6,100	6,150
24.0 Printing and reproduction.....	3,733	100	100
25.0 Other services: Other.....	247,079	160,000	161,000
26.0 Supplies and materials.....	3,772	4,600	4,700
31.0 Equipment.....	4,480	3,100	3,200
32.0 Lands and structures.....	489,403	783,020	1,302,469
42.0 Insurance claims and indemnities.....	31	.....	.....
99.0 Subtotal, direct obligations.....	844,187	1,038,781	1,567,470
99.0 Reimbursable obligations.....	894,634	942,027	865,910

ALLOCATION ACCOUNTS

Personnel compensation:			
11.1 Full-time permanent.....	50	52	52
11.3 Positions other than permanent.....	16	19	19
11.5 Other personnel compensation.....	4	8	8
11.9 Total personnel compensation.....	70	79	79
12.1 Personnel benefits: Civilian.....	3	3	3
21.0 Travel and transportation of persons.....	20	9	9
22.0 Transportation of things.....	35	20	20
23.2 Communications, utilities, and other rent.....	3	3	3
24.0 Printing and reproduction.....	4	2	2
25.0 Other services: Other.....	20	15	15
26.0 Supplies and materials.....	3	2	2
31.0 Equipment.....	4	3	3
32.0 Lands and structures.....	5,775	2,664	2,664
99.0 Subtotal, obligations, allocation accounts.....	5,937	2,800	2,800
99.9 Total obligations.....	1,744,758	1,983,608	2,436,180
Obligations are distributed as follows:			
Defense—Military: Army.....	1,738,821	1,980,808	.....
Department of Transportation.....	5,937	2,800	.....

General and special funds—Continued

MILITARY CONSTRUCTION, ARMY—Continued

Personnel Summary

DEPARTMENT OF THE ARMY			
Total number of full-time permanent positions.....	7,427	8,656	9,005
Total compensable workyears:			
Full-time equivalent employment.....	9,465	8,847	9,353
Full-time equivalent of overtime and holiday hours.....	265	81	82
ALLOCATION TO DEPARTMENT OF TRANSPORTATION			
Total number of full-time permanent positions.....	2	2	2
Total compensable workyears: Full-time equivalent employment.....	28	28	28

MILITARY CONSTRUCTION, NAVY*

*See Part II for additional information.

For acquisition, construction, installation, and equipment of temporary or permanent public works, naval installations, facilities, and real property for the Navy as currently authorized by law, including personnel in the Naval Facilities Engineering Command and other personal services necessary for the purposes of this appropriation, [\$1,206,517,000] \$1,803,300,000, to remain available until [September 30, 1988] expended: Provided, That of this amount, not to exceed [\$115,600,000] \$157,900,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor. (10 U.S.C. 2675, 2802-05, 2807, 2828, 2851-54, 2857; Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed for \$1,639,200,000.)

Program and Financing (in thousands of dollars)

Identification code 17-1205-0-1-051		Budget plan (amounts for construction actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
00.01	Major construction.....	880,140	1,062,998	1,617,500	856,177	1,210,393	1,537,523
00.02	Minor construction.....	52,318	21,000	19,000	53,856	26,788	23,309
00.03	Planning.....	140,792	115,600	157,900	141,166	115,303	144,568
00.04	Supporting activities.....	7,500	6,919	8,900	8,491	7,978	9,834
00.90	Total direct.....	1,080,750	1,206,517	1,803,300	1,059,690	1,360,462	1,715,234
01.01	Reimbursable.....	454,831	265,000	280,000	354,736	277,257	324,148
10.00	Total.....	1,535,581	1,471,517	2,083,300	1,414,426	1,637,719	2,039,382
Financing:							
Offsetting collections from:							
11.00	Federal funds.....	-416,557	-206,100	-221,100	-257,224	-206,100	-221,100
14.00	Non-Federal sources.....	-38,274	-58,900	-58,900	-37,371	-58,900	-58,900
17.00	Recovery of prior year obligations.....				-31,212		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans.....				-873,589	-864,070	-697,868
21.40	Reprogramming from or to prior year budget plans.....	-1,651					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....				864,070	697,868	741,786
25.00	Unobligated balance lapsing.....	1,651			1,651		
40.00	Budget authority (appropriation).....	1,080,750	1,206,517	1,803,300	1,080,750	1,206,517	1,803,300
Relation of obligations to outlays:							
71.00	Obligations incurred, net.....				1,119,831	1,372,719	1,759,382
72.40	Obligated balance, start of year.....				670,163	797,309	1,120,068
74.40	Obligated balance, end of year.....				-797,309	-1,120,068	-1,617,160
78.00	Adjustments in unexpired accounts.....				-31,212		
90.00	Outlays.....				961,472	1,049,960	1,262,290

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	1,080,750	1,206,517	1,803,300
Outlays.....	961,472	1,049,960	1,262,290
Supplemental—additional authorizing legislation required:			
Budget authority.....		30,000	
Outlays.....		5,040	13,110
Total:			
Budget authority.....	1,080,750	1,236,517	1,803,300
Outlays.....	961,472	1,055,000	1,275,400

Object Classification (in thousands of dollars)

Identification code 17-1205-0-1-051

DEPARTMENT OF THE NAVY				
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	58,904	56,208	57,210
11.3	Other than full-time permanent	2,361	1,821	1,820
11.5	Other personnel compensation	2,100	2,031	2,086
11.9	Total personnel compensation	63,365	60,060	61,116
12.1	Personnel benefits: Civilian	8,028	8,099	8,405
21.0	Travel and transportation of persons	3,274	3,779	3,888
22.0	Transportation of things	2,547	2,571	2,418
23.2	Communications, utilities, and other rent	3,648	4,749	4,935
24.0	Printing and reproduction	3,178	4,017	4,080

Other services:				
25.0	Payments to foreign national indirect hire personnel.....	769	1,334	1,428
25.0	Contracts.....	31,249	40,778	55,436
26.0	Supplies and materials.....	2,000	2,345	2,452
31.0	Equipment.....	608	483	505
32.0	Lands and structures.....	932,612	1,225,585	1,560,737
99.0	Subtotal, direct obligations.....	1,051,278	1,353,800	1,705,400
99.0	Reimbursable obligations.....	354,736	277,257	324,148

ALLOCATION ACCOUNTS

Personnel compensation:				
11.1	Full-time permanent.....	19	20	19
11.3	Other than full-time permanent.....	10	10	10
11.5	Other personnel compensation.....	6	6	6
11.9	Total personnel compensation.....	35	36	35
12.1	Personnel benefits: Civilian.....	4	4	4
21.0	Travel and transportation of persons.....	23	23	23
22.0	Transportation of things.....	6	6	6
23.2	Communications, utilities, and other rent....	8	6	6
25.0	Other services: Other.....	121	121	121
26.0	Supplies and materials.....	4	4	4
32.0	Lands and structures.....	8,211	6,462	9,635
99.0	Subtotal obligations, allocation accounts.....	8,412	6,662	9,834
99.9	Total obligations.....	1,414,426	1,637,719	2,039,382

Obligations are distributed as follows:

Defense—Military: Navy.....	1,406,014	1,631,057	2,029,564
Department of Transportation.....	8,412	6,662	9,834

Personnel Summary

DEPARTMENT OF THE NAVY

Total number of full-time permanent positions.....	2,441	2,604	2,604
Total compensable workyears:			
Full-time equivalent employment.....	3,005	2,843	2,853
Full-time equivalent of overtime and holiday hours.....	83	78	74

ALLOCATION TO DEPARTMENT OF TRANSPORTATION

Total number of full-time permanent positions.....	1	1	1
Total compensable workyears: Full-time equivalent employment.....	1	1	1

SANTA MARGARITA WATER PROJECT, NAVY

For reimbursement to the Department of the Interior by the Department of the Navy of its share of the cost of the Santa Margarita project, California; \$142,000,000, to remain available until expended. (Legislative action required.)

Program and Financing (in thousands of dollars)

Identification code 17-1215-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
10.00	Santa Margarita project (object class 32.0).....		142,000			1,207
Financing:						
24.40	Unobligated balance, end of year: For completion of prior year budget plans.....					140,793
40.00	Budget authority (appropriation).....		142,000			142,000
Relation of obligations to outlays:						
71.00	Obligations incurred, net.....					1,207
74.40	Obligated balance, end of year.....					-7
90.00	Outlays.....					1,200

MILITARY CONSTRUCTION, AIR FORCE*

*See Part II for additional information.

[(INCLUDING RESCISSION)]

For acquisition, construction, installation, and equipment of temporary or permanent public works, military installations, facilities, and real property for the Air Force as currently authorized by law: *Provided*, That none of the funds made available for airfield improvements in Honduras may be obligated until the Committees on Appropriations have been notified as to the complete United States construction plan for the region, \$1,501,993,000, \$2,165,400,000, to remain available until [September 30, 1988] expended: *Provided*, That of this amount, not to exceed \$137,000,000 \$163,900,000 shall be available for study, planning, design, architect, and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor: *Provided further*, That of the amount appropriated under this head in fiscal year 1983 (Public Law 97-323), \$91,000,000 is hereby rescinded. (10 U.S.C. 2675, 2802-05, 2807, 2828, 2852-54, 2857; Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3300-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations			
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate	
Program by activities:							
Direct:							
00.01	Major construction	1,239,498	1,336,143	1,959,300	894,852	1,459,088	1,723,690
00.02	Minor construction	96,266	19,000	21,000	62,694	30,222	27,266
00.03	Planning	120,000	137,000	163,900	150,283	129,586	155,766
00.04	Supporting activities	4,650	9,850	21,200	2,108	4,900	1,430
00.90	Total direct	1,460,414	1,501,993	2,165,400	1,109,937	1,623,796	1,908,152

General and special funds—Continued

MILITARY CONSTRUCTION, AIR FORCE—Continued
Program and Financing (in thousands of dollars)—Continued

Identification code 57-3300-0-1-051		Budget plan (amounts for construction actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
01.01	Reimbursable.....	6,552	5,000	5,000	6,401	7,000	5,000
10.00	Total.....	1,466,966	1,506,993	2,170,400	1,116,338	1,630,796	1,913,152
	Financing:						
11.00	Offsetting collections from: Federal funds.....	-6,552	-5,000	-5,000	-6,310	-5,000	-5,000
17.00	Recovery of prior year obligations.....				-5,249		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans.....				-747,371	-1,074,525	-950,722
21.40	Available to finance new budget plans.....		-91,000			-91,000	
21.40	Reprogramming from prior year budget plans.....	-28,481					
	Unobligated balance available, end of year:						
24.40	For completion of prior year budget plans.....				1,074,525	950,722	1,207,970
24.40	Available to finance subsequent year budget plans.....	91,000			91,000		
25.00	Unobligated balance lapsing.....	28,481			28,481		
39.00	Budget authority.....	1,551,414	1,410,993	2,165,400	1,551,414	1,410,993	2,165,400
	Budget authority:						
40.00	Appropriation.....	1,551,414	1,501,993	2,165,400	1,551,414	1,501,993	2,165,400
40.01	Appropriation rescission (Public Law 98-94).....		-91,000			-91,000	
43.00	Appropriation (adjusted).....	1,551,414	1,410,993	2,165,400	1,551,414	1,410,993	2,165,400
	Relation of obligations to outlays:						
71.00	Obligations incurred, net.....				1,110,028	1,625,796	1,908,152
72.40	Obligated balance, start of year.....				1,169,527	1,187,739	1,509,305
74.40	Obligated balance, end of year.....				-1,187,739	-1,509,305	-1,802,887
78.00	Adjustments in unexpired accounts.....				-5,249		
90.00	Outlays.....	1,086,566	1,304,230	1,614,570	1,086,566	1,304,230	1,614,570

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....	1,551,414	1,410,993	2,165,400
Outlays.....	1,086,566	1,304,230	1,614,570
Supplemental under existing legislation:			
Budget authority.....		55,000	
Outlays.....		7,170	24,730
Total:			
Budget authority.....	1,551,414	1,465,993	2,165,400
Outlays.....	1,086,566	1,311,400	1,639,300

Obligations are distributed as follows:

Defense—Military:

Army.....	721,912	1,035,264	1,191,559
Navy.....	246,000	340,920	452,096
Air Force.....	144,210	249,712	268,067
Department of Transportation.....	4,216	4,900	1,430

Object Classification (in thousands of dollars)

Identification code 57-3300-0-1-051	1983 actual	1984 est	1985 est
DEPARTMENT OF THE AIR FORCE			
Direct obligations:			
25.0 Other services: Other.....	15,361	21,363	28,332
32.0 Lands and structures.....	122,448	221,349	234,735
99.0 Subtotal, direct obligations.....	137,809	242,712	263,067
99.0 Reimbursable obligations.....	6,401	7,000	5,000
ALLOCATION ACCOUNTS			
25.0 Other services: Other.....	128,043	178,188	233,685
32.0 Lands and structures.....	844,085	1,202,896	1,411,400
99.0 Subtotal, obligations, allocation accounts.....	972,128	1,381,084	1,645,085
99.9 Total obligations.....	1,116,338	1,630,796	1,913,152

MILITARY CONSTRUCTION, DEFENSE AGENCIES

[(INCLUDING TRANSFER OF FUNDS)]

For acquisition, construction, installation, and equipment of temporary or permanent public works, installations, facilities, and real property for activities and agencies of the Department of Defense (other than the military departments), as currently authorized by law, **[\$281,802,000]** \$459,500,000, to remain available until **[September 30, 1988: Provided,]** expended: *Provided, That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction as he may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred; Provided further, That of the amount appropriated, not to exceed **[\$28,000,000]** \$30,000,000 shall be available for study, planning, design, architect and engineer services, as authorized by law, unless the Secretary of Defense determines that additional obligations are necessary for such purposes and notifies the Committees on Appropriations of both Houses of Congress of his determination and the reasons therefor. (10 U.S.C. 2802-05, 2807, 2852-54, 2857; Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)*

Program and Financing (in thousands of dollars)

Identification code 97-0500-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations			
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate	
Program by activities:							
00.01	Major construction	311,810	250,802	425,500	270,750	252,528	369,943
00.02	Minor construction	13,460	3,000	4,000	9,082	6,150	5,000
00.03	Planning	14,500	28,000	30,000	22,562	40,900	44,000
10.00	Total	339,770	281,802	459,500	302,394	299,578	418,943
Financing:							
17.00	Recovery of prior year obligations				- 17,363		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans				- 129,005	- 161,943	- 144,167
21.40	Reprogramming from or to prior year budget plans	- 21,801					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans				161,943	144,167	184,724
25.00	Unobligated balance lapsing	21,801			21,801		
40.00	Budget authority (appropriation)	339,770	281,802	459,500	339,770	281,802	459,500
Relation of obligations to outlays:							
71.00	Obligations incurred, net				302,394	299,578	418,943
72.40	Obligated balance, start of year				298,760	404,454	380,032
74.40	Obligated balance, end of year				- 404,454	- 380,032	- 506,975
78.00	Adjustments in unexpired accounts				- 17,363		
90.00	Outlays				179,337	324,000	292,000

Object Classification (in thousands of dollars)

Identification code 97-0500-0-1-051		1983 actual	1984 est.	1985 est.
21.0	Travel and transportation of persons.....	300	460	700
25.0	Contracts.....	83,919	85,520	86,846
25.0	Other services: Other.....	6,291	19,941	12,800
32.0	Lands and structures.....	211,884	193,657	318,597
99.9	Total obligations.....	302,394	299,578	418,943

NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

For the United States share of the cost of multilateral programs for the acquisition or construction of military facilities and installations (including international military headquarters) for the collective defense of the North Atlantic Treaty Area as authorized in military construction Acts and section 2806 of title 10, United States Code, [§50,000,000] \$296,700,000, to remain available until expended. (*Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.*)

Program and Financing (in thousands of dollars)

Identification code 97-0804-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations			
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate	
Program by activities:							
10.00	NATO infrastructure	227,027	300,000	296,700	218,820	300,000	375,000
Financing:							
14.00	Offsetting collections from: Non-Federal sources.....	- 12,027	- 30,000		- 12,027	- 30,000	
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans.....				- 179,705	- 162,912	- 162,912
21.40	Available to finance new budget plans	- 85,000	- 220,000		- 85,000	- 220,000	
21.40	Reprogramming from prior year budget plans	- 25,000					
	Unobligated balance available, end of year:						
24.40	For completion of prior year budget plans.....				162,912	162,912	84,612
24.40	Available to finance subsequent year budget plans	220,000			220,000		
40.00	Budget authority (appropriation).....	325,000	50,000	296,700	325,000	50,000	296,700
Relation of obligations to outlays:							
71.00	Obligations incurred, net				206,793	270,000	375,000
72.40	Obligated balance, start of year				504,715	508,905	538,905
74.40	Obligated balance, end of year.....				- 508,905	- 538,905	- 653,905
90.00	Outlays.....				202,603	240,000	260,000

General and special funds—Continued

NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE—
Continued

Object Classification (in thousands of dollars)

Identification code	97-0804-0-1-051	1983 actual	1984 est.	1985 est.
25.0	Other services: Other.....	15,600	18,000	23,000
32.0	Lands and structures.....	203,220	282,000	352,000
99.9	Total obligations.....	218,820	300,000	375,000

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army National Guard, and contributions therefor, as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, [\$67,620,000] \$88,900,000, to remain available until [September 30, 1988] expended. (Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-2085-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Major construction:							
00.01	Armory.....	23,478	28,112	28,082	12,776	42,029	28,916
00.02	Non-armory.....	20,480	28,708	32,765	23,238	21,202	29,221
00.03	Minor construction.....	8,000	7,600	19,053	3,190	8,885	16,410
00.04	Planning.....	3,000	3,200	9,000	3,451	3,581	7,850
10.00	Total.....	54,958	67,620	88,900	42,655	75,697	82,397
Financing:							
17.00	Recovery of prior year obligations.....				— 711		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans.....				— 34,902	— 47,656	— 39,579
21.40	Reprogramming from or to prior year budget plans.....	— 259					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....				47,656	39,579	46,082
25.00	Unobligated balance lapsing.....	259			259		
40.00	Budget authority (appropriation).....	54,958	67,620	88,900	54,958	67,620	88,900
Relation of obligations to outlays:							
71.00	Obligations incurred, net.....				42,655	75,697	82,397
72.40	Obligated balance, start of year.....				45,744	43,102	73,799
74.40	Obligated balance, end of year.....				— 43,102	— 73,799	— 92,196
78.00	Adjustments in unexpired accounts.....				— 711		
90.00	Outlays.....				44,586	45,000	64,000

Object Classification (in thousands of dollars)

Identification code	21-2085-0-1-051	1983 actual	1984 est.	1985 est.
25.0	Other services: Other.....	7,759	9,192	13,804
26.0	Supplies and materials.....	37	75	95
31.0	Equipment.....	12	32	45
32.0	Lands and structures.....	34,847	66,398	68,453
99.9	Total obligations.....	42,655	75,697	82,397

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air National Guard, and contributions therefor, as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, [\$108,888,000] \$102,900,000, to remain available until [September 30, 1988] expended. (Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3830-0-t-051		Budget plan (amounts for construction actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
00.01	Major construction	107,400	94,788	87,000	78,895	101,905	88,381
00.02	Minor construction	7,000	5,500	7,900	6,574	5,450	7,422
00.03	Planning	13,500	8,600	8,000	7,519	11,371	12,111
10.00	Total	127,900	108,888	102,900	92,988	118,726	107,914
Financing:							
17.00	Recovery of prior year obligations				- 2,479		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans				- 60,611	- 97,868	- 88,030
21.40	Reprogramming from or to prior year budget plans	- 133					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans				97,868	88,030	83,016

DEPARTMENT OF DEFENSE—MILITARY

MILITARY CONSTRUCTION—Continued
Federal Funds—Continued

I-G47

25.00	Unobligated balance lapsing	133			133		
40.00	Budget authority (appropriation)	127,900	108,888	102,900	127,900	108,888	102,900
Relation of obligations to outlays:							
71.00	Obligations incurred, net				92,988	118,726	107,914
72.40	Obligated balance, start of year				63,599	76,321	80,247
74.40	Obligated balance, end of year				-76,321	-80,247	-75,561
78.00	Adjustments in unexpired accounts				-2,479		
90.00	Outlays				77,786	114,800	112,600

Object Classification (in thousands of dollars)

Identification code	57-3830-0-1-051	1983 actual	1984 est.	1985 est.
DEPARTMENT OF THE AIR FORCE				
25.0	Other services: Contracts	6,705	10,271	12,761
32.0	Lands and structures	76,016	98,555	88,603
99.0	Subtotal, direct obligations	82,721	108,826	101,364
ALLOCATION ACCOUNTS				
25.0	Other services: Contracts	813	1,100	350
32.0	Lands and structures	9,454	8,800	6,200
99.0	Subtotal, obligations, allocation accounts	10,267	9,900	6,550
99.9	Total obligations	92,988	118,726	107,914

Obligations are distributed as follows:

Defense—Military:

Army	3,571	4,100	2,200
Navy	6,696	5,800	4,350
Air Force	82,721	118,726	101,364

MILITARY CONSTRUCTION, ARMY RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Army Reserve as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts. **[\$54,700,000]** \$70,400,000, to remain available until **[September 20, 1988]** expended. (Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-2086-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
00.01	Major construction	28,500	42,200	56,350	36,143	42,800	50,424
00.02	Minor construction	4,700	4,600	5,550	4,373	5,144	5,282
00.03	Planning	8,600	7,900	8,500	8,594	7,066	8,365
10.00	Total	41,800	54,700	70,400	49,110	55,010	64,071
Financing:							
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans				— 28,727	— 20,591	— 20,281
21.40	Reprogramming from or to prior year budget plans	— 826					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans				20,591	20,281	26,610
25.00	Unobligated balance lapsing	826			826		
40.00	Budget authority (appropriation)	41,800	54,700	70,400	41,800	54,700	70,400
Relation of obligations to outlays:							
71.00	Obligations incurred, net				49,110	55,010	64,071
72.40	Obligated balance, start of year				41,422	32,110	41,520
74.40	Obligated balance, end of year				— 32,110	— 41,520	— 49,591
90.00	Outlays				58,422	45,600	56,000
Distribution of budget authority by account:							
	Military construction, Army Reserve	41,800	54,700	70,400	41,800	54,700	70,400
Distribution of outlays by account:							
	Military construction, Army Reserve				58,262	45,400	56,000
	Military construction, Reserve components generally				160	200	

Object Classification (in thousands of dollars)

Identification code	21-2086-0-1-051	1983 actual	1984 est.	1985 est.
11.1	Personnel compensation: Full-time permanent	3,806	3,217	3,253
12.1	Personnel benefits: Civilian	429	444	462
21.0	Travel and transportation of persons	132	102	131
22.0	Transportation of things	1		

23.1	Standard level user charges	24	25	35
24.0	Printing and reproduction	60	60	77
25.0	Other services: Other	14,600	12,733	18,469
26.0	Supplies and materials	143	141	186
32.0	Lands and structures	29,915	38,288	41,458
99.9	Total obligations	49,110	55,010	64,071

General and special funds—Continued

MILITARY CONSTRUCTION, ARMY RESERVE—Continued

Personnel Summary

Total number of full-time permanent positions.....	121	121	121
Total compensable workyears:			
Full-time equivalent employment.....	131	119	119
Full-time equivalent of overtime and holiday hours.....	2		

MILITARY CONSTRUCTION, NAVAL RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the reserve components of the Navy and Marine Corps as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, [[\$30,605,000]] \$60,800,000, to remain available until [September 30, 1988] expended. (Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 17-1235-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
00.01 Major construction.....	21,900	26,805	54,505	16,917	36,950	50,059
00.02 Minor construction.....	500	1,000	2,895	1,539	462	1,584
00.03 Planning.....	2,800	2,800	3,400	2,589	3,344	2,957
10.00 Total.....	25,200	30,605	60,800	21,045	40,756	54,600
Financing:						
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				—13,831	—17,894	—7,743
21.40 Reprograming from or to prior year budget plans.....	—93					
Unobligated balance available, end of year: For completion of prior year budget plans.....						
24.40				17,894	7,743	13,943
25.00 Unobligated balance lapsing.....	93			93		
40.00 Budget authority (appropriation).....	25,200	30,605	60,800	25,200	30,605	60,800
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				21,045	40,756	54,600
72.40 Obligated balance, start of year.....				27,700	18,199	29,755
74.40 Obligated balance, end of year.....				—18,199	—29,755	—50,555
90.00 Outlays.....				30,545	29,200	33,800

Object Classification (in thousands of dollars)

Identification code 17-1235-0-1-051	1983 actual	1984 est.	1985 est.
Other services:			
25.0 Contracts.....	970	1,272	1,648
25.0 Other.....	242	318	412
32.0 Lands and structures.....	19,833	39,166	52,540
99.9 Total obligations.....	21,045	40,756	54,600

MILITARY CONSTRUCTION, AIR FORCE RESERVE

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Air Force Reserve as authorized by chapter 133 of title 10, United States Code, and military construction authorization Acts, [[\$41,200,000]] \$67,800,000, to remain available until [September 30, 1988] expended. (Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code 57-3730-0-1-051	Budget plan (amounts for construction actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
00.01 Major construction.....	29,000	34,799	60,900	24,726	35,640	55,082
00.02 Minor construction.....	3,000	3,013	2,250	3,378	3,112	2,510
00.03 Planning.....	3,600	3,388	4,650	4,444	3,810	3,156
10.00 Total.....	35,600	41,200	67,800	32,548	42,562	60,748
Financing:						
Recovery of prior year obligations.....						
17.00				—4		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans.....				—11,470	—14,405	—13,043
21.40 Reprograming from or to prior year budget plans.....	—121					
Unobligated balance available, end of year: For completion of prior year budget plans.....						
24.40				14,405	13,043	20,095
25.00 Unobligated balance lapsing.....	121			121		
40.00 Budget authority (appropriation).....	35,600	41,200	67,800	35,600	41,200	67,800
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				32,548	42,562	60,748
72.40 Obligated balance, start of year.....				28,424	29,348	33,210

74.40	Obligated balance, end of year.....	-29,348	-33,210	-50,858
78.00	Adjustments in unexpired accounts.....	-4		
90.00	Outlays.....	31,620	38,700	43,100

Object Classification (in thousands of dollars)

Identification code	57-3730-0-1-051	1983 actual	1984 est.	1985 est.
DEPARTMENT OF THE AIR FORCE				
25.0	Other services: Contracts.....	774	480	32
32.0	Lands and structures.....	5,929	7,686	2,987
99.0	Subtotal, direct obligations.....	6,703	8,166	3,019
ALLOCATION ACCOUNTS				
25.0	Other services: Contracts.....	3,670	3,330	3,124
32.0	Lands and structures.....	22,175	31,066	54,605
99.0	Subtotal, obligations, allocation accounts.....	25,845	34,396	57,729
99.9	Total obligations.....	32,548	42,562	60,748
Obligations are distributed as follows: Defense—				
Military:				
	Army.....	23,932	30,822	44,034
	Navy.....	1,913	3,574	13,695
	Air Force.....	6,703	8,166	3,019

FAMILY HOUSING, DEFENSE

These appropriations finance all costs associated with construction, improvements, operations, maintenance

and leasing of all military family housing. The family housing indebtedness information schedules show the status of indebtedness assumed by each military department to acquire family housing for assignment as public quarters. The program contains initiatives to reduce operating costs and conserve energy by upgrading or replacing facilities which can be made more efficient through relatively modest investments in improvements.

Federal Funds

General and special funds:

FAMILY HOUSING, ARMY

For expenses of family housing for the Army for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, **[\$172,677,000]** \$156,800,000; for Operation and maintenance, **[\$1,059,188,000]** \$1,246,737,000; for debt payment, **[\$34,838,000]** \$21,917,000; in all **[\$1,266,703,000]** \$1,425,454,000: *Provided*, That the amount provided for construction shall remain available until [September 30, 1988] expended. (10 U.S.C. 2824, 2827-29, 2831, 2851-54, 2857; Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

Program and Financing (in thousands of dollars)

Identification code	21-0702-0-1-051	Budget plan			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
Construction:							
01.01	Construction of new housing.....	20,770	65,925	34,063	25,618	61,602	34,092
01.02	Construction improvements.....	101,521	100,002	108,822	35,422	99,696	105,929
01.03	Planning.....	5,500	6,750	13,915	8,451	6,411	10,161
01.90	Total construction.....	127,791	172,677	156,800	69,491	167,709	150,182
Operation, maintenance, and interest payment:							
Operation:							
02.01	Operating expenses.....	420,653	490,315	542,838	420,653	490,315	542,838
02.02	Leasing.....	67,354	84,000	107,378	67,354	84,000	107,378
02.03	Maintenance of real property.....	419,134	488,113	596,521	419,134	488,113	596,521
02.04	Interest payments.....	4,249	2,776	1,639	4,249	2,776	1,639
02.05	Mortgage insurance premiums.....	226	362	224	226	362	224
02.90	Total operation, maintenance, and interest payment..	911,616	1,065,566	1,248,600	911,616	1,065,566	1,248,600
03.01	Reimbursable.....	9,236	12,622	13,800	9,236	12,622	13,800
10.00	Total.....	1,048,643	1,250,865	1,419,200	990,343	1,245,897	1,412,582
Financing:							
Offsetting collections from:							
11.00	Federal funds.....	-1,685	-1,714	-1,729	-1,685	-1,714	-1,729
14.00	Non-Federal sources.....	-7,551	-10,908	-12,071	-7,551	-10,908	-12,071
17.00	Recovery of prior year obligations.....				-705		
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plan.....					-117,859	-122,827
21.40	Reprogramming to prior year budget plans.....	58,854					
22.40	Unobligated balance transferred, net.....	-63,605			-63,605		
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....				117,859	122,827	129,445

General and special funds—Continued

FAMILY HOUSING, ARMY—Continued
Program and Financing (in thousands of dollars)—Continued

Identification code 21-0702-0-1-051	Budget plan			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
25.00 Unobligated balance lapsing.....	5,684			5,684		
39.00 Budget authority.....	1,040,341	1,238,243	1,405,400	1,040,341	1,238,243	1,405,400
Budget authority:						
40.00 Appropriation.....	1,078,874	1,266,703	1,425,454	1,078,874	1,266,703	1,425,454
40.47 Portion applied to debt reduction.....	-38,533	-31,700	-20,054	-38,533	-31,700	-20,054
43.00 Appropriation (adjusted).....	1,040,341	1,235,003	1,405,400	1,040,341	1,235,003	1,405,400
44.10 Supplemental for wage-board pay raises (pending).....		1,341			1,341	
44.20 Supplemental for civilian pay raises (pending).....		1,899			1,899	
Relation of obligations to outlays:						
71.00 Obligations incurred, net.....				981,107	1,233,275	1,398,782
72.40 Obligated balance, start of year.....					405,053	570,428
73.40 Obligated balance transferred, net.....				308,252		
74.40 Obligated balance, end of year.....				-405,053	-570,428	-641,910
77.00 Adjustments in expired accounts.....				-9,827		
78.00 Adjustments in unexpired accounts.....				-705		
90.00 Outlays, excluding pay raise supplemental.....				873,774	1,064,710	1,327,250
91.10 Outlays from wage-board pay raise supplemental.....					1,320	21
91.20 Outlays from civilian pay raise supplemental.....					1,870	29

Object Classification (in thousands of dollars)

Identification code 21-0702-0-1-051	1983 actual	1984 est.	1985 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent.....	21,877	23,636	25,303
12.1 Personnel benefits: Civilian.....	2,991	4,027	4,389
13.0 Benefits for Former Personnel.....	55	17	20
21.0 Travel and transportation of persons.....	779	871	905
22.0 Transportation of things.....	5,038	7,415	7,785
23.2 Communications, utilities, and other rent.....	375,995	400,590	451,040
24.0 Printing and reproduction.....	91	3	3
25.0 Payments to foreign national indirect hire personnel.....	15,713	20,920	20,239
25.0 Other services: Other.....	436,302	518,701	585,791
26.0 Supplies and materials.....	33,752	11,510	11,650
31.0 Equipment.....	16,516	75,100	139,836
32.0 Lands and structures.....	69,491	167,709	150,182
43.0 Interest and dividends.....	2,507	2,776	1,639
99.0 Subtotal, direct obligations.....	981,107	1,233,275	1,398,782
99.0 Reimbursable obligations.....	9,236	12,622	13,800
99.9 Total obligations.....	990,343	1,245,897	1,412,582

Personnel Summary

Total number of full-time permanent positions.....	786	978	978
Total compensable workyears:			
Full time equivalent employment.....	1,134	1,185	1,252
Full-time equivalent of overtime and holiday hours.....	8	7	8

Program and Financing Schedule (in thousands of dollars)

Identification code 17-0703-0-1-051	Budget plan			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
Construction:						
01.01 Construction of new housing.....	64,370	47,713	101,941	44,897	44,571	81,915
01.02 Construction improvements.....	44,812	13,240	9,000	22,915	55,450	15,046
01.03 Planning.....	5,500	7,000	8,559	4,359	11,124	7,023
01.90 Total construction.....	114,682	67,953	119,500	72,171	111,145	103,984

STATEMENT OF FAMILY HOUSING INDEBTEDNESS, ARMY

	[In thousands of dollars]		
	1983 actual	1984 estimate	1985 estimate
Transferred from predecessor account.....	117,620		
Remaining debt, start of year.....		79,087	47,387
Less:			
Debt retirement:			
(a) During year.....	38,533	31,700	20,054
Remaining debt, end of year.....	79,087	47,387	27,333

FAMILY HOUSING, NAVY AND MARINE CORPS

For expenses of family housing for the Navy and Marine Corps for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, **[\$67,953,000]** \$119,500,000; for Operation and maintenance, **[\$539,029,000]** \$582,940,000; for debt payment, **[\$31,644,000]** \$25,416,000; in all **[\$638,626,000]** \$727,886,000. Provided, That the amount provided for construction shall remain available until **[September 30, 1988]** expended. (10 U.S.C. 2824, 2827-29, 2831, 2851-54, 2857; Military Construction Appropriations Act, 1984: additional authorizing legislation to be proposed.)

Operation, maintenance, and interest payment:							
Operation:							
02.01	Operating expenses.....	264,047	237,720	250,251	264,047	237,720	250,251
02.02	Leasing.....	13,329	18,212	20,080	13,329	18,212	20,080
02.03	Maintenance of real property.....	338,107	284,867	312,609	338,107	284,867	312,609
02.04	Interest payments.....	3,973	2,832	1,710	3,973	2,832	1,710
02.05	Mortgage insurance premiums.....	499	679	450	499	679	450
02.90	Total operation, maintenance, and interest payment..	619,955	544,310	585,100	619,955	544,310	585,100
03.01	Reimbursable.....	7,556	11,456	10,425	7,556	11,456	10,425
10.00	Total.....	742,193	623,719	715,025	699,682	666,911	699,509
Financing:							
Offsetting collections from:							
11.00	Federal funds.....	—6,089	—7,036	—6,005	—6,085	—7,036	—6,005
14.00	Non-Federal sources.....	—1,467	—4,420	—4,420	—1,467	—4,420	—4,420
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans.....					—116,677	—73,485
21.40	Reprogramming to prior year budget plans.....	74,169					
22.40	Unobligated balance transferred, net.....	—77,737			—77,737		
24.40	Unobligated balance available, end of year.....				116,677	73,485	89,001
25.00	Unobligated balance lapsing.....	9,877			9,877		
39.00	Budget authority.....	740,947	612,263	704,600	740,947	612,263	704,600
Budget authority:							
40.00	Appropriation.....	769,098	638,626	727,886	769,098	638,626	727,886
40.47	Portion applied to debt reduction.....	—28,151	—28,133	—23,286	—28,151	—28,133	—23,286
43.00	Appropriation (adjusted).....	740,947	610,493	704,600	740,947	610,493	704,600
44.10	Supplemental for wage-board pay raises (pending).....		1,178			1,178	
44.20	Supplemental for civilian pay raises (pending).....		592			592	
Relation of obligations to outlays:							
71.00	Obligations incurred, net.....				692,130	655,455	689,084
72.40	Obligated balance, start of year.....					456,987	470,942
73.40	Obligated balance transferred, net.....				328,183		
74.40	Obligated balance, end of year.....				—456,987	—470,942	—504,926
77.00	Adjustments in expired accounts.....				—3,612		
90.00	Outlays, excluding pay raise supplemental.....				559,713	639,760	655,070
91.10	Outlays from wage-board pay raise supplemental.....					1,160	18
91.20	Outlays from civilian pay raise supplemental.....					580	12

Object Classification (in thousands of dollars)

Identification code	17-0703-0-1-051	1983 actual	1984 est.	1985 est.
	Direct obligation			
21.0	Travel and transportation of persons	1,040	1,183	1,176
23.2	Communications, utilities, and other rent	183,232	160,000	169,980
	Other services:			
25.0	Payments to foreign national indirect hire personnel	2,744	2,745	2,745
25.0	Purchases from industrial funds	148,478	107,751	98,472
25.0	Contracts	160,539	145,000	151,762
25.0	Other	106,448	111,789	148,306
31.0	Equipment	15,801	15,394	14,150
32.0	Lands and structures	69,370	108,099	100,113
43.0	Interest and dividends	4,474	3,494	2,380
99.0	Subtotal, direct obligations	692,126	655,455	689,084
99.0	Reimbursable obligations	7,556	11,456	10,425
99.9	Total obligations	699,682	666,911	699,509

STATEMENT OF FAMILY HOUSING INDEBTEDNESS, NAVY AND MARINE CORPS

[In thousands of dollars]			
	1983 actual	1984 estimate	1985 estimate
Transferred from predecessor account.....	109,914		
Remaining debt, start of year.....		81,763	53,630
Less:			
Debt retirement:			
(a) During year.....	28,151	28,133	23,286
Remaining debt, end of year.....	81,763	53,630	30,344

FAMILY HOUSING, AIR FORCE

For expenses of family housing for the Air Force for construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, including debt payment, leasing, minor construction, principal and interest charges, and insurance premiums, as authorized by law, as follows: for Construction, **[\$111,392,000]** **\$292,400,000**; for Operation and maintenance, **[\$689,021,000]** **\$736,252,000**; for debt payment, **[\$55,398,000]** **\$29,980,000**; in all **[\$855,811,000]** **\$1,058,632,000**. *Provided*, That the amount provided for construction shall remain available until **[September 30, 1988]** expended. (10 U.S.C. 2824, 2827-29, 2831, 2852-54, 2857; Military Construction Appropriations Act, 1984; additional authorizing legislation to be proposed.)

General and special funds—Continued

FAMILY HOUSING, AIR FORCE—Continued
Program and Financing Schedule (in thousands of dollars)

Identification code		Budget plan			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
Direct:							
Construction:							
01.01	Construction of new housing	39,465	47,035	224,227	73,631	46,340	113,617
01.02	Construction improvements	104,887	59,857	62,173	86,282	32,928	68,460
01.03	Planning	2,500	4,500	6,000	3,478	306	8,784
01.90	Total construction	146,852	111,392	292,400	163,391	79,574	190,861
Operation, maintenance, and interest payment:							
Operation:							
02.01	Operating expenses	316,887	317,373	327,558	316,887	317,373	327,558
02.02	Leasing	38,125	55,708	57,239	38,125	55,708	57,239
02.03	Maintenance of real property	387,559	316,920	351,455	387,559	316,920	351,455
02.04	Interest payments	5,687	3,373	1,640	5,687	3,373	1,640
02.05	Mortgage insurance premiums	371	649	408	371	649	408
02.90	Total operation, maintenance, and interest payment	748,629	694,023	738,300	748,629	694,023	738,300
03.01	Reimbursable	6,965	9,100	12,000	6,965	9,100	12,000
10.00	Total	902,446	814,515	1,042,700	918,985	782,697	941,161
Financing:							
Offsetting collections from:							
11.00	Federal funds	-32	-1,257	-1,560	-32	-1,257	-1,560
13.00	Trust funds	-7	-	-	-7	-	-
14.00	Non-Federal sources	-7,564	-7,843	-10,440	-7,629	-7,843	-10,440
17.00	Recovery of prior year obligations	-	-	-	-208	-	-
Unobligated balance available, start of year:							
21.40	For completion of prior year budget plans	-	-	-	-	-85,411	-117,229
21.40	Reprogramming to prior year budget plans	101,676	-	-	-	-	-
22.40	Unobligated balance transferred, net	-108,570	-	-	-108,570	-	-
24.40	Unobligated balance available, end of year: For completion of prior year budget plans	-	-	-	85,411	117,229	218,768
25.00	Unobligated balance lapsing	25,020	-	-	25,020	-	-
31.00	Redemption of debt	638	-	-	638	-	-
39.00	Budget authority	913,607	805,415	1,030,700	913,607	805,415	1,030,700
Budget authority:							
40.00	Appropriation	970,361	855,811	1,058,632	970,361	855,811	1,058,632
40.47	Portion applied to debt reduction	-56,754	-51,376	-27,932	-56,754	-51,376	-27,932
43.00	Appropriation (adjusted)	913,607	804,435	1,030,700	913,607	804,435	1,030,700
44.10	Supplemental for wage-board pay raises (pending)	-	460	-	-	460	-
44.20	Supplemental for civilian pay raises (pending)	-	520	-	-	520	-
Relation of obligations to outlays:							
71.00	Obligations incurred, net	-	-	-	911,317	773,597	929,161
72.40	Obligated balance, start of year	-	-	-	-	528,175	450,872
73.40	Obligated balance transferred, net	-	-	-	313,540	-	-
74.40	Obligated balance, end of year	-	-	-	-528,175	-450,872	-517,133
77.00	Adjustments in expired accounts	-	-	-	-17,022	-	-
78.00	Adjustments in unexpired accounts	-	-	-	-208	-	-
90.00	Outlays, excluding pay raise supplemental	-	-	-	679,451	849,940	862,880
91.10	Outlays from wage-board pay raise supplemental	-	-	-	-	450	10
91.20	Outlays from civilian pay raise supplemental	-	-	-	-	510	10

Object Classification (in thousands of dollars)						
Identification code	1983 actual	1984 est.	1985 est.			
Direct obligations:				32.0	Lands and structures	294,420
21.0	Travel and transportation of persons	180	197	43.0	Interest and dividends	14,559
22.0	Transportation of things	2,092	2,157			14,377
23.2	Communications, utilities, and other rent	294,271	265,372			16,856
Other services:				99.0	Subtotal, direct obligations	912,020
25.0	Contracts	173,378	150,962	99.0	Reimbursable obligations	6,965
25.0	Other	94,632	93,453			9,100
26.0	Supplies and materials	9,371	9,354	99.9	Total obligations	918,985
31.0	Equipment	29,117	28,755			782,697
						941,161

STATEMENT OF FAMILY HOUSING INDEBTEDNESS, AIR FORCE

(in thousands of dollars)			
	1983 actual	1984 estimate	1985 estimate
Transferred from predecessor account	160,150	-	-
Remaining debt, start of year	-	102,758	51,382

Less:

Debt retirement:			
(a) During year	57,392	51,376	27,932
Remaining debt, end of year	102,758	51,382	23,450

construction, including acquisition, replacement, addition, expansion, extension and alteration and for operation and maintenance, leasing, and minor construction, as authorized by law, as follows: for Construction, [\$1,025,000] \$800,000; for Operation and maintenance, [\$16,816,000] \$19,000,000; in all [\$17,841,000] \$19,800,000. Provided, That the amount provided for construction shall remain available until [September 30, 1988] expended. (Military Construction Appropriation Act, 1984; additional authorizing legislation to be proposed.)

FAMILY HOUSING, DEFENSE AGENCIES

For expenses of family housing for the activities and agencies of the Department of Defense (other than the military departments) for

Program and Financing (in thousands of dollars)

Identification code 97-0706-0-1-051

	Budget plan			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:						
Direct:						
Construction:						
01.01 Construction of new housing	480	990	693	448	1,150	687
01.02 Construction improvements	33	35	107	32	36	107
01.90 Total construction	513	1,025	800	480	1,186	794
Operation, maintenance, and interest payment:						
Operation:						
02.01 Operating expenses	2,165	1,890	2,641	2,165	1,890	2,641
02.02 Leasing	9,842	14,118	15,773	9,842	14,118	15,773
02.03 Maintenance of real property	626	808	586	626	808	586
02.90 Total operation, maintenance, and interest payment ..	12,633	16,816	19,000	12,633	16,816	19,000
03.01 Reimbursable	200	250	250	200	250	250
10.00 Total	13,346	18,091	20,050	13,313	18,252	20,044
Financing:						
Offsetting collections from:						
11.00 Federal funds	-193	-250	-250	-193	-250	-250
14.00 Non-Federal sources	-7			-7		
17.00 Recovery of prior year obligations				-10		
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans					-305	-144
21.40 Reprogramming to prior year budget plans	262					
22.40 Unobligated balance transferred, net	-1,978			-1,978		
24.40 Unobligated balance available, end of year: For completion of prior year budget plans				305	144	150
25.00 Unobligated balance lapsing	2,883			2,883		
40.00 Budget authority (appropriation)	14,313	17,841	19,800	14,313	17,841	19,800
Relation of obligations to outlays:						
71.00 Obligations incurred, net				13,113	18,002	19,794
72.40 Obligated balance, start of year					5,913	8,315
73.40 Obligated balance transferred, net				5,902		
74.40 Obligated balance, end of year				-5,913	-8,315	-9,709
77.00 Adjustments in expired accounts				-155		
78.00 Adjustments in unexpired accounts				-10		
90.00 Outlays				12,937	15,600	18,400

Object Classification (in thousands of dollars)

Identification code 97-0706-0-1-051	1983 actual			1984 est.			1985 est.		
Direct obligations:									
22.0 Transportation of things	286	498	552	99.0	Subtotal, direct obligations	13,113	18,002	19,794	
23.1 Standard level user charges		7,423	8,241	99.0	Reimbursable obligations	200	250	250	
23.2 Communications, utilities, and other rent	6,813	2,877	3,934	99.9	Total obligations	13,313	18,252	20,044	

General and special funds—Continued

FAMILY HOUSING, DEFENSE AGENCIES
Program and Financing (in thousands of dollars)

Identification code 97-0701-0-1-051	Budget plan (amounts for family housing actions programmed)			Obligations		
	1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Financing:						
Unobligated balance available, start of year:						
21.40 For completion of prior year budget plans				—250,642		
21.40 Available to finance new budget plans	—1,248			—1,248		
21.40 Reprograming from prior year budget plans	—250,642					
22.40 Unobligated balance transferred, net	251,890			251,890		
39.00 Budget authority						
Relations of obligations to outlays:						
71.00 Obligations incurred, net						
72.40 Obligated balance, start of year				955,820		
73.40 Obligated balance transferred, net				—955,877		
90.00 Outlays				—56		

STATEMENT OF FAMILY HOUSING INDEBTEDNESS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Total debt incurred: Start and end of year	2,542,156		
Less:			
Debt retirement:			
(a) Prior year	2,154,472		
(b) During year			
Transferred to successor accounts	387,684		
Remaining debt, end of year			

74.98 Obligated balance, end of year: Fund balance	—203	—873	—1,573
78.00 Adjustments in unexpired accounts	—1,584		
90.00 Outlays	256	1,900	1,700

Revenue and Expense (in thousands of dollars)

	1983 actual	1984 est.	1985 est.
Operating loss: Operating program: Expense	834	2,300	2,900
Capital program:			
Revenue	1,521	1,430	1,600
Expense	1,798	1,510	1,688
Net capital gain or loss (—)	—277	—80	—88
Net gain or loss (—) for the year	557	—2,380	—2,988

Public enterprise funds:

HOMEOWNERS ASSISTANCE FUND, DEFENSE

Program and Financing (in thousands of dollars)

Identification code 97-4090-0-3-051	1983 actual	1984 est.	1985 est.
Program by activities:			
Operating expenses:			
01.01 Payment to homeowners (private sale and foreclosure assistance)	140	1,533	2,133
01.02 Other operating costs	610	767	767
01.90 Total operating expenses	750	2,300	2,900
Capital investment:			
02.01 Acquisition of real property	935	1,100	500
02.02 Mortgages assumed	344	600	600
02.90 Total capital investment	1,279	1,700	1,100
10.00 Total obligations	2,029	4,000	4,000
Financing:			
14.00 Offsetting collections from: Non-Federal sources	—1,521	—1,430	—1,600
17.00 Recovery of prior year obligations	—1,584		
21.98 Unobligated balance available, start of year: Fund balance	—3,460	—6,274	—3,654
24.98 Unobligated balance available, end of year: Fund balance	6,274	3,654	1,254
32.47 Balance of authority to borrow withdrawn	606	650	600
39.00 Budget authority	2,344	600	600
Budget authority:			
40.00 Appropriation	2,000		
67.10 Authority to borrow (permanent, indefinite)	344	600	600
Relation of obligations to outlays:			
71.00 Obligations incurred, net	508	2,570	2,400
72.98 Obligated balance, start of year: Fund balance	1,536	203	873

Financial Condition (in thousands of dollars)

	1982 actual	1983 actual	1984 est.	1985 est.
Assets:				
Selected assets:				
Fund balance with Treasury	4,996	6,477	4,557	2,857
Real property on hand	3,767	3,248	3,438	2,850
Total assets	8,763	9,725	7,995	5,707
Liabilities:				
Selected liabilities:				
Accounts payable	1,536	203	903	1,603
Mortgages outstanding	335	73	23	23
Total liabilities	1,871	276	926	1,626
Government equity:				
Selected equities:				
Unexpended budget authority:				
Unobligated balance	3,460	6,274	3,654	1,254
Invested capital	3,432	3,175	3,415	2,827
Total Government equity	6,892	9,449	7,069	4,081
Analysis of changes in Government equity:				
Paid-in capital:				
Opening balance		51,808	53,808	53,808
Transactions: Appropriation		2,000		
Closing balance		53,808	53,808	53,808
Deficit:				
Opening balance		—44,916	—44,359	—46,739
Net gain or loss (—) for the year		557	—2,380	—2,988

Closing balance.....	-44,359	-46,739	-49,727
Total Government equity (end of year)	9,449	7,069	4,081

SPECIAL FOREIGN CURRENCY PROGRAM*Federal Funds***General and special funds:****SPECIAL FOREIGN CURRENCY PROGRAM**

For payment in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States for expenses in carrying out programs of the Department of Defense, as authorized by law; [\$3,050,000] \$8,650,000, to remain available for obligation until September 30, [1985] 1986: *Provided*, That this appropriation shall be available in addition to other appropriations to such Department, for payments in the foregoing currencies. (*Department of Defense Appropriation Act, 1984; additional authorizing legislation to be proposed.*)

Object Classification (in thousands of dollars)				
Identification code	97-4090-0-3-051	1983 actual	1984 est.	1985 est.
11.8	Personnel compensation: Special personal services payments.....	334	284	284
21.0	Travel and transportation of persons.....	23	15	15
25.0	Other services: Other.....	1,558	924	924
32.0	Lands and structures.....	9	1,000	1,000
42.0	Insurance claims and indemnities.....	105	1,777	1,777
99.9	Total obligations.....	2,029	4,000	4,000

Program and Financing (in thousands of dollars)

Identification code		Budget plan (amounts for foreign currency undertakings programmed)			Obligations		
		1983 actual	1984 estimate	1985 estimate	1983 actual	1984 estimate	1985 estimate
Program by activities:							
10.00	Research	3,800	3,050	8,650	520	3,831	3,106
Financing:							
17.00	Recovery of prior year obligations.....				-88		
	Unobligated balance available, start of year:						
21.40	For completion of prior year budget plans.....				-2,933	-3,800	-3,019
21.40	Reprogramming from prior year budget plans.....	-2,501					
24.40	Unobligated balance available, end of year: For completion of prior year budget plans.....				3,800	3,019	8,563
25.00	Unobligated balance lapsing.....	2,501			2,501		
40.00	Budget authority (appropriation).....	3,800	3,050	8,650	3,800	3,050	8,650
Relation of obligations to outlays:							
71.00	Obligations incurred, net.....				520	3,831	3,106
72.40	Obligated balance, start of year.....				3,921	3,022	6,353
74.40	Obligated balance, end of year.....				-3,022	-6,353	-7,959
77.00	Adjustments in expired accounts.....				247		
78.00	Adjustments in unexpired accounts.....				-88		
90.00	Outlays.....				1,578	500	1,500

This appropriation provides dollars to be used exclusively for purchase from the Treasury of excess foreign currencies to finance undertakings which are of benefit to the Department of Defense.

Object Classification (in thousands of dollars)				
Identification	97-0800-0-1-051	1983 actual	1984 est.	1985 est.
25.0	Other services: Contracts.....	520	3,045	2,904
41.0	Grants, subsidies, and contributions.....		786	202
99.9	Total obligations.....	520	3,831	3,106

21.98	Unobligated balance available, start of year: Fund balance.....	-9,755	-9,758	-9,760
24.98	Unobligated balance available, end of year: Fund balance.....	9,758	9,760	9,761
39.00	Budget authority.....			
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	-3	-2	-1
90.00	Outlays.....	-3	-2	-1

Status of Direct Loans (in thousands of dollars)

Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year.....	861	861	861
1261	Adjustments: Write-offs for default.....			-861
1290	Outstanding, end of year.....	861	861	

Addendum: Federal Financing Bank transactions

Direct loans made by the FFB and guaranteed by this account:				
1410	Outstanding, start of year.....		1,057	4,057
1430	New loan disbursements.....	1,057	3,000	5,000
1490	Outstanding, end of year.....	1,057	4,057	9,057

REVOLVING AND MANAGEMENT FUNDS*Federal Funds***Public enterprise funds:****DEFENSE PRODUCTION GUARANTEES****Program and Financing (in thousands of dollars)**

Identification code	97-9931-0-3-051	1983 actual	1984 est.	1985 est.
Financing:				
14.00	Offsetting collections from: Non-Federal sources.....	-3	-2	-1

Public enterprise funds—Continued

DEFENSE PRODUCTION GUARANTEES—Continued

Status of Guaranteed Loans (in thousands of dollars)

Cumulative balance of guaranteed loans outstanding:			
2210	Outstanding, start of year	286	1,239
2231	Loans guaranteed: New loans guaranteed ..	1,057	3,000
2250	Repayments and prepayments	-104	-104
2290	Outstanding, end of year	1,239	4,135
			9,057

MEMORANDUM

2299	U.S. contingent liability for guaranteed loans outstanding, end of year	1,239	4,135	9,057
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Guarantees have been given on loans made by public and private financing institutions to facilitate performance of defense production contracts. When necessary, loans may be purchased by the Government. Administrative expenses are financed from guarantee fees and interest on loans receivable.

LAUNDRY SERVICE, NAVAL ACADEMY

Program and Financing (in thousands of dollars)

Identification code	17-4002-0-3-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations	1,879	2,150	2,004
Financing:				
Offsetting collections from:				
11.00	Federal funds	-1,636	-577	-539
14.00	Non-Federal sources	-159	-1,573	-1,465
21.98	Unobligated balance available, start of year: Fund balance	-283	-199	-199
24.98	Unobligated balance available, end of year: Fund balance	199	199	199
39.00	Budget authority			
Relation of obligations to outlays:				
71.00	Obligations incurred, net	84		
72.10	Receivables in excess of obligations, start of year	-72	-215	-215
74.10	Receivables in excess of obligations, end of year	215	215	215
90.00	Outlays	227		

The Naval Academy laundry is operated to provide laundry service for Naval Academy activities and personnel.

Object Classification (in thousands of dollars)

Identification code	17-4002-0-3-051	1983 actual	1984 est.	1985 est.
Personnel compensation:				
11.1	Full-time permanent	1,024	1,037	1,058
11.3	Other than full-time permanent	185	233	234
11.5	Other personnel compensation	26	27	28
11.9	Total personnel compensation	1,235	1,297	1,320
12.1	Personnel benefits: Civilian	138	135	145
21.0	Travel and transportation of persons	2	1	1
23.2	Communications, utilities, and other rent	124	140	140
24.0	Printing and reproduction	7	3	3
25.0	Other services: Other	149	168	168
26.0	Supplies and materials	224	406	227
99.9	Total obligations	1,879	2,150	2,004

Personnel Summary

Total number of full-time permanent positions	56	62	62
Total compensable workyears:			
Full-time equivalent employment	69	74	74
Full-time equivalent of overtime and holiday hours	1	1	1

DEPARTMENT OF DEFENSE STOCK FUNDS

Department of Defense stock funds finance the purchase of materials for resale to the military services and other authorized customers (10 U.S.C. 2208). These inventories are stocked at various Defense activities. Mobilization reserve materials are also purchased through the stock funds.

Budget program.—Obligations increase in 1985 over 1984 for increased inventory levels to support an expanding force structure, the modernization of the existing force, and other logistics initiatives. Efforts continue to achieve efficiencies in spare parts procurement through acquisition reform. The following table shows the stock fund inventories resulting from the budget program.

	1983 actual	1984 estimate	1985 estimate
Army stock fund:			
Operating and other stocks	2,378	2,208	2,199
Mobilization reserve stocks	1,166	1,499	1,744
Other stocks	1,186	1,099	1,049
Total	4,730	4,806	4,992
Navy stock fund:			
Operating and other stocks	3,872	6,040	12,540
Mobilization reserve stocks	540	677	1,255
Other stocks	5,397	3,727	4,067
Total	9,809	10,444	17,862
Marine Corps stock fund:			
Operating and other stocks	107	127	153
Mobilization reserve stocks	105	141	139
Other stocks	82	110	132
Total	294	378	424
Air Force stock fund:			
Operating and other stocks	3,653	4,631	5,564
Mobilization reserve stocks	993	1,126	1,251
Other stocks	1,282	1,376	1,389
Total	5,928	7,133	8,204
Defense stock fund:			
Operating and other stocks	4,893	4,351	4,775
Mobilization reserve stocks	3,317	3,707	3,473
Other stocks	2,432	2,172	2,384
Total	10,642	10,230	10,632
Total Department of Defense stock funds:			
Operating and other stocks	14,903	17,357	25,231
Mobilization reserve stocks	6,121	7,150	7,862
Other stocks	10,379	8,484	9,021
Total	31,403	32,991	42,114

Financing the budget program.—The budget program is financed primarily from sales to customers. Gross expenditures in 1985 are projected to be higher than in 1984 as a result of increased inventory levels. Estimated expenditures are shown below (in millions of dollars):

	Gross outlays		
	1983 actual	1984 estimate	1985 estimate
Army stock fund.....	6,506	7,330	7,467
Navy stock fund.....	7,080	7,336	8,477
Marine Corps stock fund.....	369	427	424
Air Force stock fund.....	11,362	11,851	12,109
Defense stock fund.....	14,699	15,964	15,868
Total Department of Defense stock funds...	40,016	42,908	44,345

Procurement leadtime for material acquisition is greater than the time required to fill and collect customers' orders. As a result, Department of Defense stock funds are authorized to incur obligations in anticipation of future years' sales (10 U.S.C. 2210(b)). Pursuant to this authority, contract authority of \$7,726 million was available at the end of 1982, estimated to remain at \$7,726 million in 1984 and 1985.

Operating results and financial conditions.—Revenue and expenses for 1984 and 1985 are projected on a break-even basis. It is estimated that by the end of 1985, investment (equity) of the U.S. Government will be \$49,191 million, including \$31,768 million in inventory and other assets capitalized, and a cumulative retained income of \$17,423 million.

Intragovernmental funds:**ARMY STOCK FUND**

For the Army stock fund; [\$388,600,000] \$366,448,000. (10 U.S.C. 2208; Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code 21-4991-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:			
01.02 Aeronautical supplies.....	502,045	522,500	703,800
01.03 Missile parts.....	70,193	87,700	121,600
01.04 Tank and automotive supplies.....	769,971	690,900	907,490
01.05 Japan area supplies.....	11,318	15,100	13,500
01.06 Korea area supplies.....	166,029	195,300	226,200
01.07 Electronics supplies.....	176,277	176,100	223,900
01.08 Retail, map, and reserves.....	99,037	80,700	31,700
01.09 Commissary resale.....	1,541,931	1,673,600	1,740,200
01.10 Defense supply service.....	10,605	11,500	12,500
01.11 Western command supplies.....	79,692	81,500	82,000
01.12 Other continental U.S. supplies.....	296,311	364,700	371,900
01.13 European area supplies.....	989,633	1,073,600	1,062,466
01.17 Weapons, special weapons, chemical and fire control supplies.....	360,695	427,700	510,200
01.18 Forces command supplies.....	969,939	995,700	1,087,600
01.19 Training and doctrine command supplies.....	818,310	865,000	858,900
10.00 Total obligations.....	6,861,986	7,261,600	7,953,956
Financing:			
Offsetting collections from:			
11.00 Federal funds.....	-4,640,248	-4,985,250	-5,565,648
13.00 Trust funds.....	-194,965	-236,150	-281,660
14.00 Non-Federal sources.....	-1,572,673	-1,651,600	-1,740,200
17.00 Recovery of prior year obligations.....	-17,697		
22.98 Unobligated balance transferred, net: Fund balance.....	-50,000		
39.00 Budget authority.....	386,403	388,600	366,448
Budget authority:			
40.00 Appropriation.....	221,138	388,600	366,448
69.10 Contract authority (10 U.S.C. 2210(b)) (permanent, indefinite).....	165,265		

Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	454,100	388,600	366,448
Obligated balance, start of year:			
72.49 Contract authority.....	1,277,095	1,442,360	1,442,360
72.98 Fund balance.....	566,655	630,129	751,629
Obligated balance, end of year:			
74.49 Contract authority.....	-1,442,360	-1,442,360	-1,442,360
74.98 Fund balance.....	-630,129	-751,629	-828,077
78.00 Adjustments in unexpired accounts.....	-17,697		
90.00 Outlays.....	207,664	267,100	290,000

Status of Unfunded Contract Authority (in thousands of dollars)

Unfunded balance, start of year.....	1,277,095	1,442,360	1,442,360
Contract authority.....	165,265		
Unfunded balance, end of year.....	1,442,360	1,442,360	1,442,360

Object Classification (in thousands of dollars)

Identification code 21-4991-0-4-051	1983 actual	1984 est.	1985 est.
22.0 Transportation of things.....	36,303	46,230	49,830
25.0 Other services: Other.....	47,803	50,584	55,407
26.0 Supplies and materials.....	6,704,199	7,086,819	7,763,318
31.0 Equipment.....	73,681	77,967	85,401
99.9 Total obligations.....	6,861,986	7,261,600	7,953,956

NAVY STOCK FUND

For the Navy stock fund; [\$632,869,000] \$563,907,000. (10 U.S.C. 2208; Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code 17-4911-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:			
01.01 Ships, ordnance, and electronics repair parts.....	674,760	754,200	825,300
01.02 Forms and printed matter.....	13,826	19,300	20,700
01.03 Ships store and commissary store stock.....	800,900	865,400	949,000
01.04 Profits from sale of ships' stores paid to ships' store profits, Navy.....	23,044	22,400	23,500
01.05 Ship overhaul material.....		275,000	290,000
01.06 Special clearance account.....	504	1,000	1,000
01.07 Fleet material support office—retail commodities.....	1,392,428	1,365,100	1,470,200
01.08 Aviation consumable material.....	969,437	1,013,100	1,153,000
01.09 Fuels and related items.....	2,497,304	2,232,900	2,160,200
01.10 Ship depot level reparables.....	1,068,817	1,462,600	1,524,700
01.11 Aviation depot level reparables.....			2,350,400
10.00 Total obligations.....	7,441,020	8,011,000	10,768,000
Financing:			
Offsetting collections from:			
11.00 Federal funds.....	-5,598,886	-6,346,531	-9,069,393
13.00 Trust funds.....	-64,922	-71,300	-92,500
14.00 Non-Federal sources.....	-901,495	-960,300	-1,042,200
22.98 Unobligated balance transferred, net: Fund balance.....	-521,000		
39.00 Budget authority.....	354,716	632,869	563,907
Budget authority:			
40.00 Appropriation.....	354,372	632,869	563,907
69.10 Contract authority (10 U.S.C. 2210(b)) (permanent, indefinite).....	344		
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	875,717	632,869	563,907

Intragovernmental funds—Continued

NAVY STOCK FUND—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	17-4911-0-4-051	1983 actual	1984 est.	1985 est.
	Obligated balance, start of year:			
72.49	Contract authority.....	2,170,731	2,171,075	2,171,075
72.98	Fund balance.....	384,252	662,363	784,432
	Obligated balance, end of year:			
74.49	Contract authority.....	-2,171,075	-2,171,075	-2,171,075
74.98	Fund balance.....	-662,363	-784,432	-895,739
90.00	Outlays.....	597,261	510,800	452,600

Status of Unfunded Contract Authority (in thousands of dollars)

Unfunded balance, start of year.....	2,170,731	2,171,075	2,171,075
Contract authority.....	344		
Unfunded balance, end of year.....	2,171,075	2,171,075	2,171,075

Object Classification (in thousands of dollars)

Identification code	17-4911-0-4-051	1983 actual	1984 est.	1985 est.
22.0	Transportation of things.....	13,959	31,453	45,042
25.0	Other services: Other.....	197,865	260,437	996,183
26.0	Supplies and materials.....	7,206,152	7,696,710	9,703,275
42.0	Insurance claims and indemnities.....	23,044	22,400	23,500
99.9	Total obligations.....	7,441,020	8,011,000	10,768,000

MARINE CORPS STOCK FUND

For the Marine Corps stock fund; [\$20,780,000] \$34,908,000. (10 U.S.C. 2208; Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code	17-4913-0-4-051	1983 actual	1984 est.	1985 est.
	Program by activities:			
01.01	Ordnance-tank-automotive.....	16,968	26,400	30,711
01.02	Engineer supplies and construction materials.....	41,802	31,900	36,970
01.03	Communication-electronic.....	19,709	23,000	26,370
01.04	General material.....	35,658	29,100	33,474
01.05	Clothing and textiles.....	47,944	56,400	64,323
01.06	Fuels and related items.....	31,713	35,600	33,800
01.07	Subsistence-commissary.....	200,680	201,700	226,622
10.00	Total obligations.....	394,474	404,100	452,270
	Financing:			
	Offsetting collections from:			
11.00	Federal funds.....	-250,079	-237,320	-264,162
14.00	Non-Federal sources.....	-137,453	-146,000	-153,200
32.49	Balance of contract authority withdrawn.....	4,870		
40.00	Budget authority (appropriation).....	11,812	20,780	34,908
	Relation of obligations to outlays:			
71.00	Obligations incurred, net.....	6,942	20,780	34,908
	Obligated balance, start of year:			
72.49	Contract authority.....	76,222	71,352	71,352
72.98	Fund balance.....	39,772	53,731	40,311
	Obligated balance, end of year:			
74.49	Contract authority.....	-71,352	-71,352	-71,352
74.98	Fund balance.....	-53,731	-40,311	-57,219
90.00	Outlays.....	-2,146	34,200	18,000

Status of Unfunded Contract Authority (in thousands of dollars)

Unfunded balance, start of year.....	76,222	71,352	71,352
Balance of contract authority withdrawn.....	-4,870		
Unfunded balance, end of year.....	71,352	71,352	71,352

Object Classification (in thousands of dollars)

Identification code	17-4913-0-4-051	1983 actual	1984 est.	1985 est.
22.0	Transportation of things.....	2,465	3,000	3,000
26.0	Supplies and materials.....	392,009	401,100	449,270
99.9	Total obligations.....	394,474	404,100	452,270

AIR FORCE STOCK FUND

For the Air Force stock fund; [\$1,288,725,000] \$666,093,000. (10 U.S.C. 2208; Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code	57-4921-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:				
01.02	Commissary.....	2,210,148	2,335,300	2,464,500
01.03	Fuels and related items.....	5,252,391	4,690,700	4,786,100
01.04	Air Force Academy cadet store	5,747	7,400	6,700
01.05	Medical-dental.....	244,580	285,600	291,800
01.06	General support.....	1,788,870	2,124,800	2,056,600
01.07	Systems support.....	1,849,127	2,789,425	2,758,493
10.00	Total obligations.....	11,350,863	12,233,225	12,364,193
Financing:				
Offsetting collections from:				
11.00	Federal Funds.....	-8,848,178	-8,421,606	-9,030,620
13.00	Trust funds.....	-249,441	-272,020	-282,614
14.00	Non-Federal sources.....	-2,127,695	-2,250,874	-2,384,866
32.49	Balance of contract authority with- drawn.....	36,051		
40.00	Budget authority (appro- priation).....	161,600	1,288,725	666,093
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	125,549	1,288,725	666,093
Obligated balance, start of year:				
72.49	Contract authority.....	2,069,544	2,033,493	2,033,493
72.98	Fund balance.....	497,189	464,324	925,349
Obligated balance, end of year:				
74.49	Contract authority.....	-2,033,493	-2,033,493	-2,033,493
74.98	Fund balance.....	-464,324	-925,349	-755,642
90.00	Outlays.....	194,465	827,700	835,800
Status of Unfunded Contract Authority (in thousands of dollars)				
Unfunded balance, start of year.....		2,069,544	2,033,493	2,033,493
Balance of contract authority withdrawn.....		-36,051		
Unfunded balance, end of year.....		2,033,493	2,033,493	2,033,493
Object Classification (in thousands of dollars)				
Identification code	57-4921-0-4-051	1983 actual	1984 est.	1985 est.
22.0	Transportation of things.....	41,408	44,713	49,974
25.0	Other services: Contracts.....	39,584	37,990	38,597
26.0	Supplies and materials.....	11,071,956	11,947,912	12,069,772
31.0	Equipment.....	197,915	202,610	205,850
99.9	Total obligations.....	11,350,863	12,233,225	12,364,193

DEFENSE STOCK FUND

For the Defense stock fund; [\$43,600,000] \$130,700,000. (10 U.S.C. 2208; Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code 97-4961-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:			
01.01 Clothing and textiles.....	1,108,966	853,200	1,180,900
01.02 Medical and dental material.....	490,945	733,400	888,400
01.03 Subsistence.....	1,446,367	1,611,600	1,682,300
01.04 General supplies.....	744,633	808,000	987,686
01.05 Industrial supplies.....	588,930	626,300	732,829
01.06 Construction supplies.....	826,525	839,800	929,600
01.07 Electronics.....	598,070	552,700	813,485
01.08 Base operating supplies.....	72,347	95,400	104,700
01.10 Fuels and related items.....	7,695,227	9,931,600	8,181,000
10.00 Total obligations.....	13,572,010	16,052,000	15,500,900
Financing:			
Offsetting collections from:			
11.00 Federal funds.....	-14,663,164	-13,529,200	-14,012,600
13.00 Trust funds.....	-324,051	-518,200	-518,600
14.00 Non-Federal sources.....	-65,127		
15.00 Off-budget Federal entities.....	-1,301,249	-1,500,000	-1,200,000
21.98 Unobligated balance available, start of year: Fund balance.....	-143,955	-522,279	-61,279
22.98 Unobligated balance transferred, net: Fund balance.....	571,000		
24.98 Unobligated balance available, end of year: Fund balance.....	522,279	61,279	422,279
32.49 Balance of contract authority withdrawn.....	1,992,758		
40.00 Budget authority (appropriation).....	160,500	43,600	130,700
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	-2,781,581	504,600	-230,300
72.49 Contract authority.....	4,000,116	2,007,359	2,007,359
72.98 Fund balance.....	165,074	626,318	600,618
Obligated balance, end of year:			
74.49 Contract authority.....	-2,007,359	-2,007,359	-2,007,359
74.98 Fund balance.....	-626,318	-600,618	-119,218
90.00 Outlays.....	-1,250,068	530,300	251,100

Status of Direct Loans (in thousands of dollars)

Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year.....	1,210	1,210	1,210
1290 Outstanding, end of year.....	1,210	1,210	1,210

Status of Unfunded Contract Authority (in thousands of dollars)

Unfunded balance, start of year.....	4,000,116	2,007,359	2,007,359
Balance of contract authority withdrawn.....	-1,992,757		
Unfunded balance, end of year.....	2,007,359	2,007,359	2,007,359

Object Classification (in thousands of dollars)

Identification code 97-4961-0-4-051	1983 actual	1984 est.	1985 est.
22.0 Transportation of things.....	670,997	751,200	630,400
25.0 Other services: Other.....	117,327	192,900	192,900
26.0 Supplies and materials.....	12,783,686	15,107,900	14,677,600
99.9 Total obligations.....	13,572,010	16,052,000	15,500,900

INDUSTRIAL FUNDS

Department of Defense industrial funds finance various Defense activities that perform industrial or com-

mercial type functions on a reimbursable basis (10 U.S.C. 2208). Workload at these activities is generated by orders from various customers who provide reimbursement through progress payments for the full cost of the work performed. This enables the industrial funds to maintain the level of working capital needed for continued operations.

Budget program.—The policy of stabilizing the rates charged to customers will continue. Estimated total obligations in 1985 are projected to increase by over \$2,060 million, reflecting an increase in customer workload requirements and price growth. Yearend totals are shown in the following table (in thousands of dollars):

TOTAL PRODUCTION COSTS

	1983 actual	1984 estimate	1985 estimate
Army industrial fund.....	3,157,244	3,338,386	3,563,889
Navy industrial fund.....	14,233,088	13,984,274	15,455,235
Marine Corps industrial fund.....	85,672	86,668	98,700
Air Force industrial fund.....	6,265,456	6,800,604	7,192,359
Defense industrial fund.....	880,284	1,143,391	1,106,241
Total.....	24,621,744	25,353,323	27,416,424

The U.S. Army activities financed through the Army industrial fund include depot supply and maintenance operations, research and development, arsenals, missile material development and acquisition, and port handling of Defense cargo.

The Navy industrial fund finances a variety of activities, including aircraft maintenance facilities, ordnance stations, research laboratories, shipyards, printing plants, public works centers, and the Military Sealift Command.

The Marine Corps industrial fund finances maintenance depots engaged in repairing or overhauling Marine Corps equipment and providing technical engineering support.

The activities financed under the Air Force industrial fund include laundries, depot maintenance activities, real property maintenance facility, and the Military Airlift Command.

The Defense industrial fund finances the Defense Clothing and Textile Center, leased communications procured by the Defense Commercial Communications Office.

ARMY INDUSTRIAL FUND

Program and Financing (in thousands of dollars)

Identification code 21-4992-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:			
01.01 Depot maintenance activities.....	1,645,677	1,712,074	2,012,612
01.02 Missile command.....	418,315	458,313	467,931
01.05 Transportation and terminal activity.....	198,222	230,866	235,964
01.06 Proving grounds and laboratories.....	443,587	422,157	330,269
01.08 Armaments command.....	451,443	514,976	517,113
10.00 Total obligations.....	3,157,244	3,338,386	3,563,889
Financing:			
Offsetting collections from:			
11.00 Federal funds.....	-3,222,076	-3,348,076	-3,710,835
13.00 Trust funds.....	-1,036	-465	-2,075
14.00 Non-Federal sources.....	-10,424	-4,774	-4,738
15.00 Off-budget Federal entities.....	-6		

Intragovernmental funds—Continued

ARMY INDUSTRIAL FUND—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	21-4992-0-4-051	1983 actual	1984 est.	1985 est.
21.98	Unobligated balance available, start of year: Fund balance	-1,266,206	-1,342,504	-1,357,433
24.98	Unobligated balance available, end of year: Fund balance	1,342,504	1,357,433	1,511,192
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	-76,298	-14,929	-153,759
72.10	Receivables in excess of obligations, start of year	-1,099,192	-1,063,551	-1,180,480
74.10	Receivables in excess of obligations, end of year	1,063,551	1,180,480	1,390,239
90.00	Outlays	-111,939	102,000	56,000

Object Classification (in thousands of dollars)

Identification code	21-4992-0-4-051	1983 actual	1984 est.	1985 est.
	Personnel compensation:			
11.1	Full-time permanent	1,480,094	1,547,360	1,560,211
11.3	Other than full-time permanent	88,027	85,094	94,299
11.5	Other personnel compensation	83,254	76,585	87,080
11.8	Special personnel services payments	166		
11.9	Total personnel compensation	1,651,541	1,709,039	1,741,590
12.1	Personnel benefits: Civilian	191,355	217,043	229,596
13.0	Benefits for former personnel	46	37	44
21.0	Travel and transportation of persons	53,728	65,127	62,807
22.0	Transportation of things	51,330	65,148	67,056
23.2	Communications, utilities, and other rent	90,739	111,526	111,333
24.0	Printing and reproduction	1,826	1,684	1,552
25.0	Payments to foreign national indirect hire personnel	1,671	2,021	1,923
25.0	Other services: Other	385,404	324,891	334,113
26.0	Supplies and materials	579,024	709,199	843,815
31.0	Equipment	150,580	132,671	170,060
99.9	Total obligations	3,157,244	3,338,386	3,563,889

Personnel Summary

Total number of full-time permanent positions	64,839	70,866	68,820
Total compensable workyears:			
Full-time equivalent employment	69,998	70,690	68,820
Full-time equivalent of overtime and holiday hours	4,034	2,956	2,746

NAVY INDUSTRIAL FUND

Program and Financing (in thousands of dollars)

Identification code	17-4912-0-4-051	1983 actual	1984 est.	1985 est.
	Program by activities:			
01.01	Printing	175,742	200,709	210,922
01.02	Ordnance	1,396,150	1,362,605	1,483,528
01.03	Shipyards	3,967,981	3,638,612	4,122,442
01.04	Military Sealift Command	2,712,497	2,098,954	2,724,192
01.05	Research	3,410,873	3,617,368	3,846,748
01.06	Base services	921,393	1,074,517	1,029,198
01.07	Aircraft maintenance facilities	1,648,452	1,819,259	1,851,706
01.08	Data services		172,250	186,499
10.00	Total obligations	14,233,088	13,984,274	15,455,235
	Financing:			
	Offsetting collections from:			
11.00	Federal funds	-13,444,910	-14,280,210	-14,652,840
13.00	Trust funds	-98,814	-104,000	-109,000

14.00	Non-Federal sources	-50,298	-52,000	-55,000
21.98	Unobligated balance available, start of year: Fund balance	-861,604	-222,538	-674,474
24.98	Unobligated balance available, end of year: Fund balance	222,538	674,474	36,079
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	639,066	-451,936	638,395
72.10	Receivables in excess of obligations, start of year	-516,273		-128,770
72.98	Obligated balance, start of year: Fund balance		157,966	
74.10	Receivables in excess of obligations, end of year		128,770	
74.98	Obligated balance, end of year: Fund balance	-157,966		-389,425
90.00	Outlays	-35,173	-165,200	120,200

Object Classification (in thousands of dollars)

Identification code	17-4912-0-4-051	1983 actual	1984 est.	1985 est.
	Personnel compensation:			
11.1	Full-time permanent	4,112,029	4,310,342	4,428,674
11.3	Other than full-time permanent	210,586	120,213	120,000
11.5	Other personnel compensation	512,408	456,491	461,772
11.8	Special personal services payments	18,354	5,991	7,466
11.9	Total personnel compensation	4,853,377	4,893,037	5,017,912
12.1	Personnel benefits: Civilian	532,576	591,566	620,514
13.0	Benefits for former personnel	233	40	40
21.0	Travel and transportation of persons	154,557	168,625	175,271
22.0	Transportation of things	21,643	25,530	26,169
23.2	Communications, utilities, and other rent	613,190	829,276	894,536
24.0	Printing and reproduction	131,669	133,547	141,983
25.0	Other services: Other	5,584,544	4,463,457	5,522,675
26.0	Supplies and materials	2,081,004	2,538,751	2,669,444
31.0	Equipment	260,295	340,445	386,691
99.9	Total obligations	14,233,088	13,984,274	15,455,235

Personnel Summary

Total number of full-time permanent positions	169,008	168,670	167,660
Total compensable workyears:			
Full-time equivalent employment	181,200	181,563	179,557
Full-time equivalent of overtime and holiday hours	15,318	12,543	12,115

MARINE CORPS INDUSTRIAL FUND

Program and Financing (in thousands of dollars)

Identification code	17-4914-0-4-051	1983 actual	1984 est.	1985 est.
	Program by activities:			
10.00	Depot maintenance activities (obligations)	85,672	86,668	98,700
	Financing:			
	Offsetting collections from:			
11.00	Federal funds	-96,786	-81,055	-97,603
13.00	Trust funds	-37		
21.98	Unobligated balance available, start of year: Fund balance	-28,001	-39,152	-33,539
24.98	Unobligated balance available, end of year: Fund balance	39,152	33,539	32,442
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	-11,151	5,613	1,097
72.10	Receivables in excess of obligations, start of year	-11,739	-25,732	-25,119

74.10	Receivables in excess of obligations, end of year	25,732	25,119	23,422
90.00	Outlays	2,843	5,000	-600

Object Classification (in thousands of dollars)

Identification code	17-4914-0-4-051	1983 actual	1984 est.	1985 est.
Personnel compensation:				
11.1	Full-time permanent	30,734	31,878	32,795
11.3	Other than full time permanent	1,550	492	522
11.5	Other personnel compensation	4,278	1,700	1,700
11.9	Total personnel compensation	36,562	34,070	35,017
12.1	Personnel benefits: Civilian	4,265	3,705	3,981
21.0	Travel and transportation of persons	520	671	689
23.2	Communications, utilities, and other rent	2,785	2,825	3,067
24.0	Printing and reproduction	170	187	201
25.0	Other services: Other	3,790	9,068	9,008
26.0	Supplies and materials	37,580	36,142	46,737
99.9	Total obligations	85,672	86,668	98,700

Personnel Summary

Total number of full-time permanent positions	1,502	1,468	1,554
Total compensable workyears:			
Full-time equivalent employment	1,562	1,475	1,501
Full-time equivalent of overtime and holiday hours	164	66	66

AIR FORCE INDUSTRIAL FUND**Program and Financing** (in thousands of dollars)

Identification code	57-4922-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:				
01.02	Laundry and drycleaning	5,812	5,877	6,171
01.03	Military airlift command	2,267,060	2,443,913	2,438,723
01.04	San Antonio real property maintenance agency	156,675	183,358	198,495
01.05	Depot maintenance	3,835,909	4,167,456	4,548,970
10.00	Total obligations	6,265,456	6,800,604	7,192,359
Financing:				
Offsetting collections from:				
11.00	Federal funds	-6,370,758	-6,630,934	-7,161,490
13.00	Trust funds	-23,624	-135,325	-149,598
14.00	Non-Federal sources	-10,461		
21.98	Unobligated balance available, start of year: Fund balance	-221,533	-360,920	-326,575
24.98	Unobligated balance available, end of year: Fund balance	360,920	326,575	445,304
39.00	Budget authority			
Relation of obligations to outlays:				
71.00	Obligations incurred, net	-139,387	34,345	-118,729
72.10	Receivables in excess of obligations, start of year	-115,170		-48,458
72.98	Obligated balance start of year: Fund balance		51,699	
74.10	Receivables in excess of obligations, end of year		48,458	61,388
74.98	Obligated balance, end of year: Fund balance	-51,699		
90.00	Outlays	-306,256	134,502	-105,799

Object Classification (in thousands of dollars)

Identification code	57-4922-0-4-051	1983 actual	1984 est.	1985 est.
Personnel compensation:				
11.1	Full-time permanent	1,048,890	1,046,663	1,081,402

11.3	Other than full-time permanent	9,637	1,093	1,104
11.5	Other personnel compensation	12,680	68,828	70,003
11.9	Total personnel compensation	1,071,207	1,116,584	1,152,509
12.1	Personnel benefits: Civilian	123,487	141,202	146,624
21.0	Travel and transportation of persons	58,741	65,744	65,831
22.0	Transportation of things	364	367	399
23.2	Communications, utilities, and other rent	127,740	128,858	141,845
24.0	Printing and reproduction	1,182	1,393	1,404
Other services:				
25.0	Payments to foreign national indirect hire personnel	8,731	10,133	10,075
25.0	Contracts	2,241,089	2,448,167	2,871,269
26.0	Supplies and materials	2,544,154	2,814,177	2,718,757
31.0	Equipment	88,761	73,979	83,646
99.9	Total obligations	6,265,456	6,800,604	7,192,359

Personnel Summary

Total number of full-time permanent positions	43,698	43,281	42,656
Total compensable workyears:			
Full-time equivalent employment	43,805	44,428	44,299
Full-time equivalent of overtime and holiday hours	2,878	2,381	2,340

DEFENSE INDUSTRIAL FUND

[For the Defense industrial fund; \$150,000,000.] (10 U.S.C. 2208; Department of Defense Appropriation Act, 1984.)

Program and Financing (in thousands of dollars)

Identification code	97-4962-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Automatic data processing equipment		150,000	
01.01	Clothing and textile center	31,655	27,891	29,041
01.02	Communication services	848,629	965,500	1,077,200
10.00	Total obligations	880,284	1,143,391	1,106,241
Financing:				
Offsetting collections from:				
11.00	Federal funds	-898,533	-969,295	-1,131,135
14.00	Non-Federal sources	-701	-706	-806
21.98	Unobligated balance available, start of year: Fund balance	-48,839	-67,789	-44,399
24.98	Unobligated balance available, end of year: Fund balance	67,789	44,399	70,099
40.00	Budget authority		150,000	
Relation of obligations to outlays:				
71.00	Obligations incurred, net	-18,950	173,390	-25,700
72.98	Obligated balance, start of year: Fund balance	23,903	6,179	173,569
74.98	Obligated balance, end of year: Fund balance	-6,179	-173,569	-141,869
90.00	Outlays	-1,226	6,000	6,000

Object Classification (in thousands of dollars)

Identification code	97-4962-0-4-051	1983 actual	1984 est.	1985 est.
Personnel compensation:				
11.1	Full-time permanent	22,991	22,808	23,219
11.3	Other than full-time permanent	335	480	480
11.5	Other personnel compensation	552	641	643
11.9	Total personnel compensation	23,878	23,929	24,342
12.1	Personnel benefits: Civilian	3,337	3,048	3,075
21.0	Travel and transportation of persons	217	440	402
22.0	Transportation of things	14	9	9
23.2	Communications, utilities, and other rent	843,402	958,225	1,070,216
24.0	Printing and reproduction	22	88	95

Intragovernmental funds—Continued

DEFENSE INDUSTRIAL FUND—Continued

Object Classification (in thousands of dollars)—Continued

Identification code	97-4962-0-4-051	1983 actual	1984 est.	1985 est.
Other services:				
25.0	Payments to foreign national indirect hire personnel	213	208	221
25.0	Contracts	2,010	1,802	1,890
25.0	Other	793	1,995	1,591
26.0	Supplies and materials	2,867	2,673	3,661
31.0	Equipment	396	150,974	739
32.0	Lands and structures	3,135		
99.9	Total obligations	880,284	1,143,391	1,106,241

Personnel Summary

Total number of full-time permanent positions	1,495	1,544	1,544
Total compensable workyears:			
Full-time equivalent employment	1,479	1,532	1,513
Full-time equivalent of overtime and holiday hours	16	35	35

MANAGEMENT FUNDS

These funds were created to simplify the financing and accounting for operations supported by 2 or more appropriations. The corpus of each fund consists of \$1 million.

ARMY MANAGEMENT FUND

Program and Financing (in thousands of dollars)

Identification code	21-3970-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Transportation services—total obligations (object class 25.0)	527,577	528,000	475,000
Financing:				
Offsetting collections from:				
11.00	Federal funds	—527,086	—528,000	—475,000
14.00	Non-Federal sources	—491		
21.98	Unobligated balance available, start of year: Fund balance	—1,000	—1,000	—1,000
24.98	Unobligated balance available, end of year: Fund balance	1,000	1,000	1,000
39.00	Budget authority			
Relation of obligations to outlays:				
71.00	Obligations incurred, net			
72.98	Obligated balance, start of year: Fund balance	9,758	15,542	15,542
74.98	Obligated balance, end of year: Fund balance	—15,542	—15,542	—15,542
90.00	Outlays	—5,783		

NAVY MANAGEMENT FUND

Program and Financing (in thousands of dollars)

Identification code	17-3980-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Transportation of things—total obligations (object class 22.0)	552,449	573,000	601,700

Financing:

11.00	Offsetting collections from: Federal funds	—552,449	—573,000	—601,700
21.98	Unobligated balance available, start of year: Fund balance	—1,000	—1,000	—1,000
24.98	Unobligated balance available, end of year: Fund balance	1,000	1,000	1,000

39.00	Budget authority			
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Relation of obligations to outlays:

71.00	Obligations incurred, net			
72.98	Obligated balance, start of year: Fund balance	42,880	26,761	26,761
74.98	Obligated balance, end of year: Fund balance	—26,761	—26,761	—26,761
90.00	Outlays	16,119		

AIR FORCE MANAGEMENT FUND

Program and Financing (in thousands of dollars)

Identification code	57-3960-0-4-051	1983 actual	1984 est.	1985 est.
Financing:				
17.00	Recovery of prior year obligations	—3		
21.98	Unobligated balance available, start of year: Fund balance	—1,000	—1,003	—1,003
24.98	Unobligated balance available, end of year: Fund balance	1,003	1,003	1,003
39.00	Budget authority			
Relation of obligations to outlays:				
71.00	Obligations incurred, net			
72.98	Obligated balance, start of year: Fund balance	108		
78.00	Adjustments in unexpired accounts	—3		
90.00	Outlays	105		

ARMY CONVENTIONAL AMMUNITION WORKING CAPITAL FUND

Program and Financing (in thousands of dollars)

Identification code	21-4528-0-4-051	1983 actual	1984 est.	1985 est.
Program by activities:				
01.01	Load, assemble and pack	971,217	779,700	974,100
01.02	Components	1,137,100	2,665,400	2,213,400
01.04	Quality assurance, proof and acceptance testing	25,400	26,400	40,000
01.05	Rework cost	12,800	5,300	3,900
10.00	Total obligations	2,146,517	3,476,800	3,231,400
Financing:				
Offsetting collections from:				
11.00	Federal funds	—2,442,015	—2,455,103	—2,927,500
13.00	Trust funds	—105,437	—231,800	—255,000
14.00	Non-Federal sources	—180		
21.98	Unobligated balance available, start of year: Fund balance	—610,382	—1,011,497	—221,600
24.98	Unobligated balance available, end of year: Fund balance	1,011,497	221,600	172,700
39.00	Budget authority			
Relation of obligations to outlays:				
71.00	Obligations incurred, net	—401,115	789,897	48,900
72.10	Receivables in excess of obligations, start of year	—569,472	—859,698	
72.98	Obligated balance, end of year: Fund balance			15,999
74.10	Receivables in excess of obligations, end of year	859,698		

74.98	Obligated balance, start of year:			
	Fund balance	—15,999	—128,799	
90.00	Outlays	—110,889	—85,800	—63,900

The Army conventional ammunition working capital fund was established to simplify the accounting system for procurement of conventional ammunition. It is used to procure munitions for all the Services and other customers. It will provide for payment of load, assemble and pack (LAP) operations, component purchases for metal parts and explosive materials, quality assurance and rework effort.

Object Classification (in thousands of dollars)

Identification code	21-4528-0-4-051	1983 actual	1984 est.	1985 est.
25.0	Other services: Other	115,200	147,100	183,000
26.0	Supplies and materials	2,031,317	3,329,700	3,048,400
99.9	Total obligations	2,146,517	3,476,800	3,231,400

TRUST FUNDS

DEPARTMENT OF THE ARMY TRUST FUNDS

Program and Financing (in thousands of dollars)

Identification code	21-9971-0-7-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Department of the Army general gift fund—total obligations (object class 41.0)	225	95	110
Financing:				
	Unobligated balance available, start of year:			
21.40	Treasury balance	—238	—123	—130
21.40	U.S. securities (par)	—271	—268	—271
	Unobligated balance available, end of year:			
24.40	Treasury balance	123	130	140
24.40	U.S. securities (par)	268	271	271
60.00	Budget authority (appropriation) (permanent, indefinite)	107	105	120
Relation of obligations to outlays:				
71.00	Obligations incurred, net	225	95	110
72.40	Obligated balance, start of year		11	11
74.40	Obligated balance, end of year	—11	—11	—11
90.00	Outlays	214	95	110

This fund includes gifts and bequests limited to specific purposes by the donor such as the Evangeline G. Bovard, Cormack medal fund, Quartermaster Foundation, Inc., and the Henry C. McLean bequest. In addition, it accounts for gifts and bequests, not limited to specific use by the donor, which may be used for purposes as determined by the Secretary of the Army.

DEPARTMENT OF THE NAVY TRUST FUNDS

Program and Financing (in thousands of dollars)

Identification code	17-9972-0-7-051	1983 actual	1984 est.	1985 est.
Program by activities:				
02.12	Naval Academy general gift fund	376	399	349
02.13	Naval Academy Museum fund	177	203	199

02.14	Department of the Navy general gift fund ..	208	225	225
02.15	Ships' stores profits, Navy	21,732	22,400	23,500
02.16	Office of Naval Records and History fund ..	101	50	50
10.00	Total obligations	22,594	23,277	24,323

Financing:

Offsetting collections from:				
11.00	Federal funds	—3		
14.00	Non-Federal sources	—7		
	Unobligated balance available, start of year:			
21.40	Treasury balance	—5,858	—7,405	—7,436
21.40	U.S. securities (par)	—3,546	—3,400	—3,427
	Unobligated balance available, end of year:			
24.40	Treasury balance	7,405	7,436	7,408
24.40	U.S. securities (par)	3,400	3,427	3,552
60.00	Budget authority (permanent, indefinite) ..	23,985	23,335	24,420

Relation of obligations to outlays:

71.00	Obligations incurred, net	22,584	23,277	24,323
72.40	Obligated balance, start of year	101	51	63
74.40	Obligated balance, end of year	—51	—63	—147
90.00	Outlays	22,632	23,265	24,240

Distribution of budget authority by account:

	Naval Academy general gift fund	407	405	326
	Naval Academy Museum fund	203	203	249
	Department of the Navy general gift fund ..	282	282	300
	Ships' stores profits, Navy	23,044	22,400	23,500
	Office of Naval Records and History fund ..	49	45	45

Distribution of outlays by account:

	Naval Academy general gift fund	376	387	309
	Naval Academy Museum fund	205	162	159
	Department of the Navy general gift fund ..	222	240	222
	Ships' stores profits, Navy	21,732	22,400	23,500
	Office of Naval Records and History fund ..	97	76	50

Gift funds.—These activities consist primarily of contributions from individuals subject to conditions specified by the donor for the benefit of the Naval Academy, the Naval Academy Museum, and other institutions of the Navy.

Ships' stores profits, Navy.—Profits earned in the operation of ships' stores are expended at the discretion of the Secretary of the Navy for the amusement, comfort, contentment, and welfare of officers and enlisted personnel on ships or outside the United States.

Office of Naval Records and History fund.—This fund represents gifts of money for the benefit of the Office of Naval Records and History, Navy Department, and royalties received from sale of histories of U.S. Naval Operations.

Object Classification (in thousands of dollars)

Identification code	17-9972-0-7-051	1983 actual	1984 est.	1985 est.
24.0	Printing and reproduction	2	6	6
25.0	Other services: Other	264	284	286
26.0	Supplies and materials	335	283	283
31.0	Equipment	1,835	1,913	2,014
41.0	Grants, subsidies, and contributions	20,158	20,791	21,734
99.9	Total obligations	22,594	23,277	24,323

DEPARTMENT OF THE AIR FORCE GENERAL GIFT FUND

Program and Financing (in thousands of dollars)			
Identification code	1983 actual	1984 est.	1985 est.
57-8928-0-7-051			
Program by activities:			
10.00 Air force Academy (obligations) (object class 31.0)	47	57	63
Financing:			
11.00 Offsetting collections from: Federal funds...	-5	-6	-6
Unobligated balance available, start of year:			
21.40 Treasury balance	-42	-103	-77
21.40 U.S. securities (par)	-114	-70	-105
Unobligated balance available, end of year:			
24.40 Treasury balance	103	77	76
24.40 U.S. securities (par)	70	105	109
60.00 Budget authority (permanent, indefinite)	60	60	60
Relation of obligations to outlays:			
71.00 Obligations incurred, net	42	51	57
72.40 Obligated balance, start of year	6	31	42
74.40 Obligated balance, end of year	-31	-42	-49
90.00 Outlays	18	40	50

This fund is for gifts or bequests to the Air Force, some of which are limited to use for specific purposes by the donors.

SURCHARGE COLLECTIONS, SALES OF COMMISSARY STORES, ARMY

Program and Financing (in thousands of dollars)			
Identification code	1983 actual	1984 est.	1985 est.
21-8420-0-8-051			
Program by activities:			
10.00 Operation of commissary stores (obligations)	76,320	63,057	61,210
Financing:			
14.00 Offsetting collections from: Non-Federal sources	-64,735	-67,530	-68,490
21.98 Unobligated balance available, start of year: Fund balance	-50,088	-38,504	-42,977
24.98 Unobligated balance available, end of year: Fund balance	38,504	42,977	50,257
39.00 Budget authority			
Relation of obligations to outlays:			
71.00 Obligations incurred, net	11,585	-4,473	-7,280
72.98 Obligated balance, start of year: Fund balance	31,665	56,823	63,650
74.98 Obligated balance, end of year: Fund balance	-56,823	-63,650	-67,870
90.00 Outlays	-13,573	-11,300	-11,500

This fund was established to reimburse certain appropriations for payments made on behalf of commissary stores of the Department of the Army for operating equipment and supplies, such as utilities, laundry services, and inventory losses, in accordance with the annual Department of Defense Appropriation Act. Surcharge funds are also utilized for both minor and major construction of commissaries.

Object Classification (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
21-8420-0-8-051			
22.0 Transportation of things	29	32	36
23.2 Communications, utilities, and other rent	10,025	11,063	12,780
25.0 Other services: Other	46,275	31,521	27,060
26.0 Supplies and materials	11,762	12,622	13,410
31.0 Equipment	8,229	7,819	7,924
99.9 Total obligations	76,320	63,057	61,210

DEPARTMENT OF THE NAVY TRUST REVOLVING FUNDS

Program and Financing (in thousands of dollars)			
Identification code	1983 actual	1984 est.	1985 est.
17-9981-0-8-051			
Program by activities:			
02.22 Midshipmen's store, U.S. Naval Academy	14,797	14,500	15,100
02.23 Surcharge collections, sales of commissary stores, Navy	37,825	55,600	43,100
02.24 Surcharge collections, sales of commissary stores, Marine Corps	6,016	8,300	6,300
10.00 Total obligations	58,638	78,400	64,500
Financing:			
14.00 Offsetting collections from: Non-Federal sources	-66,853	-63,700	-67,400
21.98 Unobligated balance available, start of year: Fund balance	-14,518	-22,733	-8,033
24.98 Unobligated balance available, end of year: Fund balance	22,733	8,033	10,933
39.00 Budget authority			
Relation of obligations to outlays:			
71.00 Obligations incurred, net	-8,215	14,700	-2,900
72.98 Obligated balance, start of year: Fund balance	26,614	19,287	27,787
74.98 Obligated balance, end of year: Fund balance	-19,287	-27,787	-11,587
90.00 Outlays	-887	6,200	13,300
Distribution of outlays by account:			
Midshipmen's store, U.S. Naval Academy	113		
Surcharge collections, sales of commissary stores, Navy	-2	4,500	12,000
Surcharge collections, sales of commissary stores, Marine Corps	-999	1,700	1,300

1. *The midshipmen's store* is operated to: (1) Procure clothing and other necessary supplies for the midshipmen, (2) provide barber, cobbler, and tailor shop facilities for the midshipmen, and (3) operate the dairy farm at the Naval Academy. Funds collected from the above-mentioned operations are deposited in the Treasury and are available for operating expenses of such activities and any other expenditures as the Superintendent of the Naval Academy considers necessary for the interest of the health, comfort, and education of the midshipmen.

2-3. *Surcharge collections, sales of commissary stores, Navy and Marine Corps.*—These funds finance procurement of operating supplies, utility expenses, inventory losses, equipment, and facility construction and renovation.

Object Classification (in thousands of dollars)			
Identification code	1983 actual	1984 est.	1985 est.
17-9981-0-8-051			
22.0 Transportation of things.....	823	865	968
23.2 Communications, utilities, and other rent....	9,099	10,232	10,929
25.0 Other services: Other.....	9,979	12,638	12,975
26.0 Supplies and materials.....	19,319	19,285	20,648
31.0 Equipment.....	7,152	10,230	8,430
32.0 Lands and structures.....	12,116	25,000	10,400
41.0 Grants, subsidies, and contributions.....	150	150	150
99.9 Total obligations.....	58,638	78,400	64,500

23.2 Communications, utilities, and other rent....	13,674	12,737	14,209
25.0 Other services: Other.....	9,697	9,032	10,076
26.0 Supplies and materials.....	29,290	27,281	30,434
31.0 Equipment.....	17,047	15,877	17,713
32.0 Lands and structures.....	12,244	11,402	12,720
44.0 Refunds.....	38,333	37,028	38,509
99.9 Total obligations.....	121,004	114,028	124,409

GENERAL PROVISIONS

【SEC. 701. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.】

SEC. 【702】 701. No part of any appropriation in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 【703】 702. During the current fiscal year, the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force, respectively, if they should deem it advantageous to the national defense, and if in their opinions the existing facilities of the Department of Defense are inadequate, are authorized to procure services in accordance with section 3109 of title 5, United States Code, under regulations prescribed by the Secretary of Defense, and to pay in connection therewith travel expenses of individuals, including actual transportation and per diem in lieu of subsistence while traveling from their homes or places of business to official duty stations and return as may be authorized by law: *Provided*, That such contracts may be renewed annually.

SEC. 【704】 703. During the current fiscal year, provisions of law prohibiting the payment of compensation to, or employment of, any person not a citizen of the United States shall not apply to personnel of the Department of Defense.

【SEC. 705. Appropriations contained in this Act and in subsequent appropriation Acts for the Department of Defense shall be available for insurance of official motor vehicles in foreign countries, when required by laws of such countries; payments in advance of expenses determined by the investigating officer to be necessary and in accord with local custom for conducting investigations in foreign countries incident to matters relating to the activities of the department concerned; reimbursement to General Services Administration for security guard services for protection of confidential files; and all necessary expenses, at the seat of government of the United States of America or elsewhere, in connection with communication and other services and supplies as may be necessary to carry out the purposes of this Act.】

【SEC. 706. Any appropriation available hereafter to the Army, Navy, or Air Force may, under such regulations as the Secretary concerned may prescribe, be used for expenses incident to the maintenance, pay, and allowances of prisoners of war, other persons in Army, Navy, or Air Force custody whose status is determined by the Secretary concerned to be similar to prisoners of war, and persons detained in such custody pursuant to Presidential proclamation.】

【SEC. 707. Appropriations available to the Department of Defense for the current fiscal year and hereafter for maintenance or construction shall be available for acquisition of land or interest therein as authorized by sections 2672, 2675 or 2828 of title 10, United States Code.】

SEC. 【708】 704. Appropriations for the Department of Defense for the current fiscal year shall be available: (a) for transportation to primary and secondary schools of minor dependents of military and civilian personnel of the Department of Defense as authorized for the Navy by section 7204 of title 10, United States Code; (b) for expenses in connection with administration of occupied areas; (c) for payment of rewards as authorized for the Navy by section 7209(a) of title 10, United States Code, for information leading to the discovery of missing naval property or the recovery thereof; (d) for payment of deficiency judgments and interests thereon arising out of condemnation proceedings; (e) for leasing of buildings and facilities including payment of rentals for special purpose space at the seat of government, and in the conduct of field exercises and maneuvers or, in administer-

DEPARTMENT OF THE AIR FORCE TRUST REVOLVING FUNDS

Program and Financing (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
57-9982-0-8-051			
Program by activities:			
02.25 Surcharge collections, sales of commissary stores, Air Force.....	82,671	77,000	85,900
02.26 Air Force cadet fund.....	38,333	37,028	38,509
10.00 Total obligations.....	121,004	114,028	124,409
Financing:			
14.00 Offsetting collections from: Non-Federal sources.....	-133,110	-116,894	-118,850
21.98 Unobligated balance available, start of year: Fund balance.....	-11,613	-23,720	-26,586
24.98 Unobligated balance available, end of year: Fund balance.....	23,720	26,586	21,027
39.00 Budget authority.....			
Relation of obligations to outlays:			
71.00 Obligations incurred, net.....	-12,106	-2,866	5,559
72.98 Obligated balance, start of year: Fund balance.....	39,064	42,343	38,477
74.98 Obligated balance, end of year: Fund balance.....	-42,343	-38,477	-36,836
90.00 Outlays.....	-15,386	1,000	7,200
Distribution of outlays by account:			
Surcharge collections, sales of commissary stores, Air Force.....	-15,134	600	6,200
Air Force cadet fund.....	-252	400	1,000

1. *Surcharge collections, sales of commissary stores.*—This fund was established to reimburse appropriations for payments made on behalf of commissary stores of the Department of the Air Force for operating equipment and supplies such as utilities, laundry services, and inventory losses, in accordance with the annual Department of Defense Appropriation Act. Surcharge funds are also utilized for both minor and major construction of commissaries.

2. *Air Force cadet fund.*—The cadet fund is maintained at the U.S. Air Force Academy, Colorado Springs, Colo. Cadet pay is deposited directly into the account and disbursements are made from it for cadet credit charges for uniforms and other clothing, cash payments to cadets, transportation, and sundry other items of personal maintenance.

Object Classification (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
57-9982-0-8-051			
22.0 Transportation of things.....	719	671	748

ing the provisions of the Act of July 9, 1942 (56 Stat. 654; 43 U.S.C. 315q), rentals may be paid in advance; (f) payments under contracts for maintenance of tools and facilities for twelve months beginning at any time during the fiscal year; (g) maintenance of defense access roads certified as important to national defense in accordance with section 210 of title 23, United States Code; (h) for the purchase of milk for enlisted personnel of the Department of Defense heretofore made available pursuant to section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a), and the cost of milk so purchased, as determined by the Secretary of Defense, shall be included in the value of the commuted ration; (i) transporting civilian clothing to the home of record of selective service inductees and recruits on entering the military services; (j) payments under leases for real or personal property, including maintenance thereof when contracted for as a part of the lease agreement, for twelve months beginning at any time during the fiscal year; (k) pay and allowances of not to exceed nine persons, including personnel detailed to International Military Headquarters and Organizations, at rates provided for under section 625(d)(1) of the Foreign Assistance Act of 1961, as amended; (l) the purchase of right-hand-drive vehicles not to exceed \$12,000 per vehicle; (m) for payment of unusual cost overruns incident to ship overhaul, maintenance, and repair for ships inducted into industrial fund activities or contracted for in prior fiscal years: *Provided*, That the Secretary of Defense shall notify the Congress promptly prior to obligation of any such payments; (n) for payments from annual appropriations to industrial fund activities and/or under contract for changes in scope of ship overhaul, maintenance, and repair after expiration of such appropriations, for such work either inducted into the industrial fund activity or contracted for in that fiscal year; and (o) for payments for depot maintenance contracts for twelve months beginning at any time during the fiscal year.

SEC. [709] 705. Appropriations for the Department of Defense for the current fiscal year shall be available for: (a) donations of not to exceed \$25 to each prisoner upon each release from confinement in military or contract prison and to each person discharged for fraudulent enlistment; (b) authorized issues of articles to prisoners, applicants for enlistment and persons in military custody; (c) subsistence of selective service registrants called for induction, applicants for enlistment, prisoners, civilian employees as authorized by law, and supernumeraries when necessitated by emergent military circumstances; (d) reimbursement for subsistence of enlisted personnel while sick in hospitals; (e) expenses of prisoners confined in nonmilitary facilities; (f) military courts, boards, and commissions; (g) utility services for buildings erected at private cost, as authorized by law, and buildings on military reservations authorized by regulations to be used for welfare and recreational purposes; (h) exchange fees, and losses in the accounts of disbursing officers or agents in accordance with law; (i) expenses of Latin American cooperation as authorized for the Navy by section 7208 of title 10, United States Code; (j) expenses of apprehension and delivery of deserters, prisoners, and members absent without leave, including payment of rewards of not to exceed \$75 in any one case; and (k) carrying out section 10 of the Act of September 23, 1950, as amended; and (l) providing, with or without reimbursement, not to exceed \$60,000,000 to procure secure communications systems, equipment and related items throughout the United States Government.

[SEC. 710. The Secretary of Defense and each purchasing and contracting agency of the Department of Defense shall assist American small and minority-owned business to participate equitably in the furnishing of commodities and services financed with funds appropriated under this Act by increasing, to an optimum level, the resources and number of personnel jointly assigned to promoting both small and minority business involvement in purchases financed with funds appropriated herein, and by making available or causing to be made available to such businesses, information, as far in advance as possible, with respect to purchases proposed to be financed with funds appropriated under this Act, and by assisting small and minority business concerns to participate equitably as subcontractors on contracts financed with funds appropriated herein, and by otherwise advocating and providing small and minority business opportunities to participate in the furnishing of commodities and services financed with funds appropriated by this Act.]

SEC. [711] 706. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. [712] 707. (a) During the current fiscal year, the President may exempt appropriations, funds, and contract authorizations, available for military functions under the Department of Defense, from the provisions of section 1512 of title 31, United States Code, whenever he deems such action to be necessary in the interest of national defense.

(b) Upon determination by the President that such action is necessary, the Secretary of Defense is authorized to provide for the cost of an airborne alert as an excepted expense in accordance with the provisions of section 3732 of the Revised Statutes (41 U.S.C. 11).

(c) Upon determination by the President that it is necessary to increase the number of military personnel on active duty subject to existing laws beyond the number for which funds are provided in this Act, the Secretary of Defense is authorized to provide for the cost of such increased military personnel, as an excepted expense in accordance with the provisions of section 3732 of the Revised Statutes (41 U.S.C. 11).

(d) The Secretary of Defense shall immediately advise Congress of the exercise of any authority granted in this section, and shall report monthly on the estimated obligations incurred pursuant to subsections (b) and (c).

SEC. [713] 708. No appropriation contained in this Act shall be available in connection with the operation of commissary stores of the agencies of the Department of Defense for the cost of purchase (including commercial transportation in the United States to the place of sale but excluding all transportation outside the United States) and maintenance of operating equipment and supplies, and for the actual or estimated cost of utilities as may be furnished by the Government and of shrinkage, spoilage, and pilferage of merchandise under the control of such commissary stores, except as authorized under regulations promulgated by the Secretaries of the military departments concerned with the approval of the Secretary of Defense, which regulations shall provide for reimbursement therefor to the appropriations concerned and, notwithstanding any other provision of law, shall provide for the adjustment of the sales prices in such commissary stores to the extent necessary to furnish sufficient gross revenues from sales of commissary stores to make such reimbursement: *Provided*, That under such regulations as may be issued pursuant to this section all utilities may be furnished without cost to the commissary stores outside the continental United States and in Alaska: *Provided further*, That no appropriation contained in this Act shall be available to pay any costs incurred by any commissary store or other entity acting on behalf of any commissary store in connection with obtaining the face value amount of manufacturer or vendor cents-off discount coupons unless all fees or moneys received for handling or processing such coupons are reimbursed to the appropriation charged with the incurred costs: *Provided further*, That no appropriation contained in this Act shall be available in connection with the operation of commissary stores within the continental United States unless the Secretary of Defense has certified that items normally procured from commissary stores are not otherwise available at a reasonable distance and a reasonable price in satisfactory quality and quantity to the military and civilian employees of the Department of Defense.

SEC. [714] 709. No part of the appropriations in this Act shall be available for any expense of operating aircraft under the jurisdiction of the armed forces for the purpose of proficiency flying, as defined in Department of Defense Directive 1340.4, except in accordance with regulations prescribed by the Secretary of Defense. Such regulations (1) may not require such flying except that required to maintain proficiency in anticipation of a member's assignment to combat operations and (2) such flying may not be permitted in cases of members who have been assigned to a course of instruction of ninety days or more.

SEC. [715] 710. No part of any appropriation contained in this Act shall be available for expense of transportation, packing, crating, temporary storage, drayage, and unpacking of household goods and personal effects in any one shipment having a net weight in excess of [thirteen thousand five hundred] *eighteen thousand* pounds.

SEC. [716] 711. Vessels under the jurisdiction of the Department of Transportation, the Department of the Army, the Department of the Air Force, or the Department of the Navy may be transferred or otherwise made available without reimbursement to any such agencies upon the request of the head of one agency and the approval of the agency having jurisdiction of the vessels concerned.

SEC. [717] 712. Not more than 20 per centum of the appropriations in this Act which are limited for obligation during the current fiscal year shall be obligated during the last two months of the fiscal year: *Provided*, That this section shall not apply to obligations for support of active duty training of civilian components or summer camp training of the Reserve Officers' Training Corps, or the National Board for the Promotion of Rifle Practice, Army or to the appropriations provided in this Act for Claims, Defense.

SEC. [718] 713. During the current fiscal year the agencies of the Department of Defense may accept the use of real property from foreign countries for the United States in accordance with mutual defense agreements or occupational arrangements and may accept services furnished by foreign countries as reciprocal international courtesies or as services customarily made available without charge; and such agencies may use the same for the support of the United States forces in such areas without specific appropriation therefor.

In addition to the foregoing, agencies of the Department of Defense may accept real property, services, and commodities from foreign countries for the use of the United States in accordance with mutual defense agreements or occupational arrangements and such agencies may use the same for the support of the United States forces in such areas, without specific appropriations therefor: *Provided*, [That the foregoing authority shall not be available for the conversion of heating plants from coal to oil at defense facilities in Europe: *Provided further*,] That within thirty days after the end of each quarter the Secretary of Defense shall render to Congress and to the Office of Management and Budget a full report of such property, supplies, and commodities received during such quarter.

SEC. [719] 714. During the current fiscal year, appropriations available to the Department of Defense for research and development may be used for the purposes of section 2353 of title 10, United States Code, and for purposes related to research and development for which expenditures are specifically authorized in other appropriations of the Service concerned.

SEC. [720] 715. No appropriation contained in this Act shall be available for the payment of more than 75 per centum of charges of educational institutions for tuition or expenses of off-duty training of military personnel (except with regard to such charges of educational institutions (a) for enlisted personnel in the pay grade E-5 or higher with less than 14 years' service, for which payment of 90 per centum may be made or (b) for military personnel in off-duty high school completion programs, for which payment of 100 per centum may be made), nor for the payment of any part of tuition or expenses for such training for commissioned personnel who do not agree to remain on active duty for two years after completion of such training: *Provided*, That the foregoing limitation shall not apply to the Program for Affiliated College Education.

SEC. [721] 716. No part of the funds appropriated herein shall be expended for the support of any formally enrolled student in basic courses of the senior division, Reserve Officers' Training Corps, who has not executed a certificate of loyalty or loyalty oath in such form as shall be prescribed by the Secretary of Defense.

[SEC. 721A. No part of any appropriation contained in this Act, except for small purchases in amounts not exceeding \$10,000 shall be available for the procurement of any article of food, clothing, cotton, woven silk or woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, or wool (whether in the form of fiber or yarn or contained in fabrics, materials, or manufactured articles), or specialty metals including stainless steel flatware, or hand or measuring tools, not grown, reprocessed, reused, or produced in the United States or its possessions, except to the extent that the Secretary of the Department concerned shall determine that satisfactory quality and sufficient quantity of any articles of food or clothing or any form of cotton, woven silk and woven silk blends, spun silk yarn for cartridge cloth, synthetic fabric or coated synthetic fabric, wool, or specialty metals including stainless steel flatware, grown, reprocessed, reused, or produced in the United States or its possessions cannot be procured as and when needed at United States market prices and except procurements outside the United States in support of combat operations, procurements by vessels in foreign waters, and emergency procurements or procurements of perishable foods by establishments located outside the United States for the personnel attached thereto: *Provided*, That nothing herein shall preclude the procurement of specialty metals or chemical warfare protective clothing produced outside the United States or its possessions when such procurement is necessary to comply with agreements with foreign governments requiring the United States to purchase supplies from foreign sources for the purposes of offsetting sales made by the

United States Government or United States firms under approved programs serving defense requirements or where such procurement is necessary in furtherance of the standardization and interoperability of equipment requirements within NATO so long as such agreements with foreign governments comply, where applicable, with the requirements of section 36 of the Arms Export Control Act and with section 2457 of title 10, United States Code: *Provided further*, That nothing herein shall preclude the procurement of foods manufactured or processed in the United States or its possessions: *Provided further*, That no funds herein appropriated shall be used for the payment of a price differential on contracts hereafter made for the purpose of relieving economic dislocations other than certain contracts not involving fuel made on a test basis by the Defense Logistics Agency with a cumulative value not to exceed \$4,000,000,000, as may be determined by the Secretary of Defense pursuant to existing laws and regulations as not to be inappropriate therefor by reason of national security considerations: *Provided further*, That the Secretary specifically determines that there is a reasonable expectation that offers will be obtained from a sufficient number of eligible concerns so that awards of such contracts will be made at a reasonable price and that no award shall be made for such contracts if the price differential exceeds 2.2 per centum: *Provided further*, That none of the funds appropriated in this Act shall be used except that, so far as practicable, all contracts shall be awarded on a formally advertised competitive bid basis to the lowest responsible bidder.]

SEC. [722] 717. None of the funds appropriated by this Act may be obligated under section 206 of title 37, United States Code, for inactive duty training pay of a member of the National Guard or a member of a reserve component of a uniformed service for more than four periods of equivalent training, instruction, duty or appropriate duties that are performed instead of that member's regular period of instruction or regular period appropriate duty.

[SEC. 723. Appropriations contained in this Act and in subsequent appropriation Acts for the Department of Defense shall be available for the purchase of household furnishings, and automobiles from military and civilian personnel on duty outside the continental United States, for the purpose of resale at cost to incoming personnel, and for providing furnishings, without charge, in other than public quarters occupied by military or civilian personnel of the Department of Defense on duty outside the continental United States or in Alaska, upon a determination, under regulations approved by the Secretary of Defense, that such action is advantageous to the Government.]

SEC. [724] 718. During the current fiscal year, appropriations available to the Department of Defense for pay of civilian employees shall be available for uniforms, or allowances therefor, as authorized by section 5901 of title 5, United States Code.

SEC. [725] 719. Funds provided in this Act for legislative liaison activities of the Department of the Army, the Department of the Navy, the Department of the Air Force, and the Office of the Secretary of Defense shall not exceed [\$9,500,000] \$12,700,000 for the current fiscal year: *Provided*, That this amount shall be available for apportionment to the Department of the Army, the Department of the Navy, the Department of the Air Force, and the Office of the Secretary of Defense as determined by the Secretary of Defense.

SEC. [726] 720. Of the funds made available by this Act for the services of the Military Airlift Command, \$100,000,000 shall be available only for procurement of commercial transportation service from carriers participating in the civil reserve air fleet program; and the Secretary of Defense shall utilize the services of such carriers which qualify as small businesses to the fullest extent found practicable: *Provided*, That the Secretary of Defense shall specify in such procurement, performance characteristics for aircraft to be used based upon modern aircraft operated by the civil reserve air fleet.

SEC. [727] 721. During the current fiscal year, appropriations available to the Department of Defense for operation may be used for civilian clothing, not to exceed \$40 in cost for enlisted personnel: (1) discharged for misconduct, unsuitability, or otherwise than honorably; (2) sentenced by a civil court to confinement in a civil prison or interned or discharged as an alien enemy; or (3) discharged prior to completion of recruit training under honorable conditions for dependency, hardship, minority, disability, or for the convenience of the Government.

[SEC. 728. No part of the funds appropriated herein or in subsequent appropriation Acts for the Department of Defense shall be available for paying the costs of advertising by any defense contractor, except advertising for which payment is made from profits, and such advertising shall not be considered a part of any defense con-

tract cost. The prohibition contained in this section shall not apply with respect to advertising conducted by any such contractor, in compliance with regulations which shall be promulgated by the Secretary of Defense, solely for (1) the recruitment by the contractor of personnel required for the performance by the contractor of obligations under a defense contract, (2) the procurement of scarce items required by the contractor for the performance of a defense contract, or (3) the disposal of scrap or surplus materials acquired by the contractor in the performance of a defense contract.]

Sec. [729.] 722. During the current fiscal year, upon determination by the Secretary of Defense that such action is necessary in the national interest, he may, with the approval of the Office of Management and Budget, transfer not to exceed \$1,200,000,000 of working capital funds of the Department of Defense or funds [made] available [in this Act] to the Department of Defense for military functions (except military construction) between such appropriations or funds or any subdivision thereof, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: *Provided*, That such authority to transfer may not be used unless for higher priority items, based on unforeseen military requirements, than those for which originally appropriated and in no case where the item for which funds are requested has been denied by Congress: *Provided further*, That the Secretary of Defense shall notify the Congress promptly of all transfers made pursuant to this authority.

Sec. [730.] 723. During the current fiscal year, cash balances in working capital funds of the Department of Defense established pursuant to section 2208 of title 10, United States Code, may be maintained in only such amounts as are necessary at any time for cash disbursements to be made from such funds: *Provided*, That transfers may be made between such funds in such amounts as may be determined by the Secretary of Defense, with the approval of the Office of Management and Budget, except that transfers between a stock fund account and an industrial fund account may not be made unless the Secretary of Defense has notified the Congress of the proposed transfer. Except in amounts equal to the amounts appropriated to working capital funds in this Act, no obligations may be made against a working capital fund to procure war reserve material inventory, unless the Secretary of Defense has notified the Congress prior to any such obligation.

[Sec. 731. Not more than \$225,400,000 of the funds appropriated by this Act shall be made available for payment to the Federal Employees Compensation Fund, as established by 5 U.S.C. 8147.]

Sec. [732.] 724. No part of the funds appropriated under this Act shall be used to provide a loan, guarantee of a loan, or a grant to any applicant who has been convicted by any court of general jurisdiction of any crime which involves the use of or the assistance to others in the use of force, trespass, or the seizure of property under control of an institution of higher education to prevent officials or students at such an institution from engaging in their duties or pursuing their studies.

[Sec. 733. None of the funds available to the Department of Defense shall be utilized for the conversion of heating plants from coal to oil at defense facilities in Europe.]

Sec. [734.] 725. None of the funds appropriated by this Act shall be available for any research involving uninformed or nonvoluntary human beings as experimental subjects: *Provided*, That this limitation shall not apply to measures intended to be beneficial to the recipient and consent is obtained from the recipient or a legal representative acting on the recipient's behalf.

[Sec. 735. Appropriations for the current fiscal year and hereafter for operation and maintenance of the active forces shall be available for medical and dental care of personnel entitled thereto by law or regulation (including charges of private facilities for care of military personnel, except elective private treatment); welfare and recreation; hire of passenger motor vehicles; repair of facilities; modification of personal property; design of vessels; industrial mobilization; installation of equipment in public and private plants; military communications facilities on merchant vessels; acquisition of services, special clothing, supplies, and equipment; and expenses for the Reserve Officers' Training Corps and other units at educational institutions.]

Sec. [736.] 726. No part of the funds in this Act shall be available to prepare or present a request to the Committees on Appropriations for reprogramming of funds, unless for higher priority items, based on unforeseen military requirements, than those for which originally

appropriated and in no case where the item for which reprogramming is requested has been denied by the Congress.

Sec. [737.] 727. No funds appropriated by this Act shall be available to pay claims for nonemergency inpatient hospital care provided under the Civilian Health and Medical Program of the Uniformed Services for services available at a facility of the uniformed services within a 40-mile radius of the patient's residence: *Provided*, That the foregoing limitation shall not apply to payments that supplement primary coverage provided by other insurance plans or programs that pay for at least 75 per centum of the covered services.

Sec. [738.] 728. None of the funds contained in this Act available for the Civilian Health and Medical Program of the Uniformed Services under the provisions of section 1079(a) of title 10, United States Code, shall be available for (a) services of pastoral counselors, or family and child counselors, or marital counselors unless the patient has been referred to such counselor by a medical doctor for treatment of a specific problem with results of that treatment to be communicated back to the physician who made such referral; (b) special education, except when provided as secondary to the active psychiatric treatment on an institutional inpatient basis; (c) therapy or counseling for sexual dysfunctions or sexual inadequacies; (d) treatment of obesity when obesity is the sole or major condition treated; (e) surgery which improves physical appearance but which is not expected to significantly restore functions including, but not limited to, mammary augmentation, face lifts and sex gender changes except that breast reconstructive surgery following mastectomy and reconstructive surgery to correct serious deformities caused by congenital anomalies, accidental injuries and neoplastic surgery are not excluded; (f) reimbursement of any physician or other authorized individual provider of medical care in excess of the eightieth percentile of the customary charges made for similar services in the same locality where the medical care was furnished, as determined for physicians in accordance with section 1079(h) of title 10, United States Code; or (g) any service or supply which is not medically or psychologically necessary to prevent, diagnose, or treat a mental or physical illness, injury, or bodily malfunction as assessed or diagnosed by a physician, dentist, clinical psychologist, optometrist, podiatrist, certified nurse-midwife, certified nurse practitioner, or certified clinical social worker, as appropriate, except as authorized by section 1079(a)(4) of title 10, United States Code: *Provided*, That any changes in availability of funds for the Program made in this Act from those in effect prior to its enactment shall be effective for care received following enactment of this Act.

Sec. [739.] 729. Appropriations available to the Department of Defense for the current fiscal year shall be available to provide an individual entitled to health care under chapter 55 of title 10, United States Code, with one wig if the individual has alopecia that resulted from treatment of malignant disease: *Provided*, That the individual has not previously received a wig from the Government.

[Sec. 740. Funds appropriated in this Act shall be available for the appointment, pay, and support of persons appointed as cadets and midshipmen in the two-year Senior Reserve Officers' Training Corps course in excess of the 20 percent limitation on such persons imposed by section 2107(a) of title 10, United States Code, but not to exceed 60 percent of total authorized scholarships.]

[Sec. 741. None of the funds appropriated by this Act shall be available to pay any member of the uniformed service for unused accrued leave pursuant to section 501 of title 37, United States Code, for more than sixty days of such leave, less the number of days for which payment was previously made under section 501 after February 9, 1976.]

Sec. [742.] 730. None of the funds appropriated by this Act may be used to support more than 300 enlisted aides for officers in the United States Armed Forces.

Sec. [743.] 731. No appropriation contained in this Act may be used to pay for the cost of public affairs activities of the Department of Defense in excess of [\$34,200,000] \$43,400,000.

[Sec. 743A. None of the funds provided in this Act shall be available for the planning or execution of programs which utilize amounts credited to Department of Defense appropriations or funds pursuant to the provisions of section 37(a) of the Arms Export Control Act representing payment for the actual value of defense articles specified in section 21(a)(1) of that Act: *Provided*, That such amounts so credited shall be deposited in the Treasury as miscellaneous receipts as provided in section 3302(b) of title 31, United States Code.]

SEC. 744. No appropriation contained in this Act shall be available to fund any costs of a Senior Reserve Officers' Training Corps unit—except to complete training of personnel enrolled in Military Science 4—which in its junior year class (Military Science 3) has for the four preceding academic years, and as of September 30, 1983, enrolled less than (a) seventeen students where the institution prescribes a four-year or a combination four- and two-year program; or (b) twelve students where the institution prescribes a two-year program: *Provided*, That, notwithstanding the foregoing limitation, funds shall be available to maintain one Senior Reserve Officers' Training Corps unit in each State and at each State-operated maritime academy: *Provided further*, That units under the consortium system shall be considered as a single unit for purposes of evaluation of productivity under this provision: *Provided further*, That enrollment standards contained in Department of Defense Directive 1215.8 for Senior Reserve Officers' Training Corps units, as revised during fiscal year 1981, may be used to determine compliance with this provision, in lieu of the standards cited above.]

SEC. 745. 732. (a) None of the funds appropriated by this Act or available in any working capital fund of the Department of Defense shall be available to pay the expenses attributable to lodging of any person on official business away from his designated post of duty, or in the case of an individual described under section 5703 of title 5, United States Code, his home or regular place of duty, when adequate Government quarters are available, but are not occupied by such person.

(b) The limitation set forth in subsection (a) is not applicable to employees whose duties require official travel in excess of fifty percent of the total number of the basic administrative work weeks during the current fiscal year.

SEC. 746. (a) None of the funds appropriated by this Act shall be available to pay the retainer pay of any enlisted member of the Regular Navy, the Navy Reserve, the Regular Marine Corps, or the Marine Corps Reserve who is transferred to the Fleet Reserve or the Fleet Marine Corps Reserve under section 6330 of title 10, United States Code, on or after December 31, 1977, if the provisions of section 6330(d) of title 10, are utilized in determining such member's eligibility for retirement under section 6330(b) of the title 10: *Provided*, That notwithstanding the foregoing, time creditable as active service for a completed minority enlistment, and an enlistment terminated within three months before the end of the term of enlistment under section 6330(d) of title 10, prior to December 31, 1977, may be utilized in determining eligibility for retirement: *Provided further*, That notwithstanding the foregoing, time may be credited as active service in determining a member's eligibility for retirement under section 6330(b) of title 10 pursuant to the provisions of the first sentence of section 6330(d) of title 10 for those members who had formally requested transfer to the Fleet Reserve or the Fleet Marine Corps Reserve on or before October 1, 1977.]

(b) None of the funds appropriated by this Act shall be available to pay that portion of the retainer pay of any enlisted member of the Regular Navy, the Naval Reserve, the Regular Marine Corps, or the Marine Corps Reserve who is transferred to the Fleet Reserve or the Fleet Marine Corps Reserve under section 6330 of title 10, United States Code, on or after December 31, 1977, which is attributable under the second sentence of section 6330(d) of title 10 to time which, after December 31, 1977, is not actually served by such member.]

SEC. 747. 733. None of the funds appropriated by this Act for programs of the Central Intelligence Agency shall remain available for obligation beyond the current fiscal year, except for: (a) funds appropriated for the Reserve for Contingencies, which shall remain available until September 30, [1985] 1986; and (b) funds appropriated for Headquarters Construction, which shall remain available until [September 30, 1988] expended.

SEC. 748. 734. None of the funds provided by this Act may be used to pay the salaries of any person or persons who authorized the transfer of unobligated and deobligated appropriations into the Reserve for Contingencies of the Central Intelligence Agency.

SEC. 749. 735. None of the funds appropriated by this Act may be used to support more than 9,901 full-time and 2,603 part-time military personnel assigned to or used in the support of Morale, Welfare, and Recreation activities as described in December of Defense Instruction 7000.12 and its enclosures, dated September 4, 1980.

SEC. 750. 736. All obligations incurred in anticipation of the appropriations and authority provided in this Act are hereby ratified and confirmed if otherwise in accordance with the provisions of this Act.

SEC. 751. 737. None of the funds provided by this Act shall be used to perform abortions except where the life of the mother would be endangered if the fetus were carried to term.

SEC. 752. 738. None of the funds appropriated by this Act shall be used for the provision, care or treatment to dependents of members or former members of the Armed Services or the Department of Defense for the elective correction of minor dermatological blemishes and marks or minor anatomical anomalies.

SEC. 753. None of the funds appropriated by this Act shall be available for the purchase of insignia for resale unless the sales price of such insignia is adjusted to the extent necessary to recover the cost of purchase of such insignia and the estimated cost of all related expenses, including but not limited to management, storage, handling, transportation, loss, disposal of obsolete material, and management fees paid to the military exchange systems: *Provided*, That amounts derived by the adjustment covered by the foregoing limitations may be credited to the appropriations against which the charges have been made to recover the cost of purchase and related expense.]

SEC. 754. None of the funds appropriated by this Act or heretofore appropriated by any other Act shall be obligated or expended for the payment of anticipatory possession compensation claims to the Federal Republic of Germany other than claims listed in the 1973 agreement (commonly referred to as the Global Agreement) between the United States and the Federal Republic of Germany.]

SEC. 755. 739. During the current fiscal year the Department of Defense may enter into contracts to recover indebtedness to the United States pursuant to section 3718 of title 31, United States Code, and any such contract entered into by the Department of Defense may provide that appropriate fees charged by the contractor under the contract to recover indebtedness may be payable from amounts collected by the contractor to the extent and under the conditions provided under the contract.

SEC. 755A. 740. None of the funds appropriated by this Act shall be available for a contract for studies, analyses, or consulting services entered into without competition on the basis of an unsolicited proposal unless the head of the activity responsible for the procurement determines:

(a) as a result of thorough technical evaluation, only one source is found fully qualified to perform the proposed work, or

(b) the purpose of the contract is to explore an unsolicited proposal which offers significant scientific or technological promise, represents the product of original thinking, and was submitted in confidence by one source, or

(c) where the purpose of the contract is to take advantage of unique and significant industrial accomplishment by a specific concern, or to insure that a new product or idea of a specific concern is given financial support:

Provided, That this limitation shall not apply to contracts in an amount of less than \$25,000, contracts related to improvements of equipment that is in development or production, or contracts as to which a civilian official of the Department of Defense, who has been confirmed by the Senate, determines that the award of such contract is in the interest of the national defense.

SEC. 756. None of the funds appropriated by this Act shall be available to provide medical care in the United States on an inpatient basis to foreign military and diplomatic personnel or their dependents unless the Department of Defense is reimbursed for the costs of providing such care: *Provided*, That reimbursements of medical care covered by this section shall be credited to the appropriations against which charges have been made for providing such care.]

SEC. 757. 741. None of the funds appropriated by this Act shall be obligated for the second career training program authorized by Public Law 96-347.

SEC. 758. 742. None of the funds appropriated or otherwise made available in this Act shall be obligated or expended for salaries or expenses during the current fiscal year for the purposes of demilitarization of surplus nonautomatic firearms less than .50 caliber.

SEC. 759. During the current fiscal year, not to exceed \$125,000,000 of the funds provided in this act for the Civilian Health and Medical Program of the Uniformed Services may be used to conduct a test program in accordance with the following guidelines: In carrying out the provisions of sections 1079 and 1086 of title 10, United States Code, the Secretary of Defense, after consulting with the Secretary of Health and Human Services, may contract with organizations that assume responsibility for the maintenance of the health of a defined population, for the purpose of experiments and demonstration projects designed to determine the relative advantages

and disadvantages of providing pre-paid health benefits: *Provided*, That such projects must be designed in such a way as to determine methods of reducing the cost of health benefits provided under such sections without adversely affecting the quality of care. Except as provided otherwise, the provisions of such a contract may deviate from the cost-sharing arrangements prescribed and the types of health care authorized under sections 1079 and 1086, when the Secretary of Defense determines that such a deviation would serve the purpose of this section.]

[Sec. 760. None of the funds provided in this Act shall be available to initiate (1) a multiyear contract that employs economic order quantity procurement in excess of \$20,000,000 in any one year of the contract or that includes an unfunded contingent liability in excess of \$20,000,000 or (2) a contract for advance procurement leading to a multiyear contract that employs economic order quantity procurement in excess of \$20,000,000 in any one year, unless the Committees on Appropriations and Armed Services of the Senate and House of Representatives have been notified at least thirty days in advance of the proposed contract award: *Provided*, That no part of any appropriation contained in this Act shall be available to initiate multiyear procurement contracts for major systems unless specifically provided herein. For purposes of this provision, a major system is defined as a system or major assembly thereof whose eventual total expenditure for research, development, test, and evaluation is more than \$200,000,000, or whose eventual total expenditure for procurement is more than \$1,000,000,000.]

Sec. [761] 743. None of the funds appropriated by this Act which are available for payment of travel allowances for per diem in lieu of subsistence to enlisted personnel shall be used to pay such an allowance to any enlisted member in an amount that is more than the amount of per diem in lieu of subsistence that the enlisted member is otherwise entitled to receive minus the basic allowance for subsistence, or pro rata portion of such allowance, that the enlisted member is entitled to receive during any day, or portion of a day, that the enlisted member is also entitled to be paid a per diem in lieu of subsistence: *Provided*, That if an enlisted member is in a travel status and is not entitled to receive a per diem in lieu of subsistence because the member is furnished meals in a Government mess, funds available to pay the basic allowance for subsistence to such a member shall not be used to pay that allowance, or pro rata portion of that allowance, for each day, or portion of a day, that such enlisted member is furnished meals in a Government mess.

[Sec. 762. None of the funds appropriated by this Act shall be available to pay the retired pay or retainer pay of a member of the Armed Forces for any month who, on or after January 1, 1982, becomes entitled to retired or retainer pay, in an amount that is greater than the amount otherwise determined to be payable after such reductions as may be necessary to reflect adjusting the computation of retired pay or retainer pay that includes credit for a part of a year of service to permit credit for a part of a year of service only for such month or months actually served: *Provided*, That the foregoing limitation shall not apply to any member who before January 1, 1982: (a) applied for retirement or transfer to the Fleet Reserve or Fleet Marine Corps Reserve; (b) is being processed for retirement under the provisions of chapter 61 of title 10 or who is on the temporary disability retired list and thereafter retired under the provisions of sections 1210 (c) or (d) of title 10; or (c) is retired or in an inactive status and would be eligible for retired pay under the provisions of chapter 67 of title 10, but for the fact that the person is under 60 years of age.]

[Sec. 762A. None of the funds appropriated by this Act shall be available to approve a request for waiver of the costs otherwise required to be recovered under the provisions of section 21(e)(1)(C) of the Arms Export Control Act unless the Committees on Appropriations have been notified in advance of the proposed waiver.]

[Sec. 763. Funds available to the Department of Defense during the current fiscal year shall be available to continue a program to provide child advocacy and family counseling services to deal with problems of child and spouse abuse.]

[Sec. 764. None of the funds appropriated by this Act shall be available for the transportation of equipment or materiel designated as Prepositioned Materiel Configured in Unit Sets (POMCUS) in Europe in excess of four division sets: *Provided*, That the foregoing limitation shall not apply with respect to any item of equipment or materiel which is maintained in the inventories of the Active and Reserve Forces at levels of at least 70 per centum of the established

requirements for such an item of equipment or materiel for the Active Forces and 50 per centum of the established requirement for the Reserve Forces for such an item of equipment or materiel: *Provided further*, That no additional commitments to the establishment of POMCUS sites shall be made without prior approval of Congress.]

Sec. [765. (a) None of the funds in this Act may be used to transfer any article of military equipment or data related to the manufacture of such equipment to a foreign country prior to the approval in writing of such transfer by the Secretary of the military service involved.]

[(b)] 744. No funds appropriated by this Act may be used for the transfer of a technical data package (*other than updates or revisions*) from any Government-owned and operated defense plant manufacturing large caliber cannons to any foreign government, nor for assisting any such government in [producing] the initiation of production of any defense item currently being manufactured or developed in a United States Government-owned, Government-operated defense plant manufacturing large caliber cannons.

[(c)] None of the funds in this Act shall be used, in any way, directly or indirectly, to sell or otherwise provide the AN/SQR-19 Towed Array Sonar to any foreign country, directly or indirectly, including any administrative and military and civilian personnel costs in connection with the arrangement of the sale of the AN/SQR-19 Towed Array Sonar to any foreign country.]

Sec. [766] 745. None of the funds appropriated in this Act may be made available through transfer, reprogramming, or other means for any intelligence or special activity different from that previously justified to the Congress unless the Director of Central Intelligence or the Secretary of Defense has notified the House and Senate Appropriations Committees of the intent to make such funds available for such activity.

[Sec. 767. Of the funds appropriated by this Act for strategic programs, the Secretary of Defense shall provide funds for the Advanced Technology Bomber program at a level at least equal to the amount provided by the committee of conference on this Act in order to maintain priority emphasis on this program.]

[Sec. 767A. None of the funds available to the Department of Defense during the current fiscal year shall be used by the Secretary of a military department to purchase coal or coke from foreign nations for use at United States defense facilities in Europe when coal from the United States is available.]

Sec. [768] 746. None of the funds available to the Department of Defense shall be available for the procurement of manual typewriters which were manufactured by facilities located within States which are Signatories to the Warsaw Pact.

[Sec. 769. None of the funds appropriated by this Act may be used to appoint or compensate more than 37 individuals in the Department of Defense in positions in the Executive Schedule (as provided in sections 5312-5316 of title 5, United States Code).]

Sec. [770] 747. None of the funds appropriated by this Act shall be available to convert a position in support of the Army Reserve, Air Force Reserve, Army National Guard, and Air National Guard occupied by, or programed to be occupied by, a military technician to a position to be held by a person in an active Guard or Reserve status if that conversion would reduce the total number of positions occupied by, or programed to be occupied by, military technicians of the component concerned, below the number of positions occupied by military technicians in that component on September 30, 1982: *Provided*, That none of the funds appropriated by this Act shall be available to support more than 28,108 positions in support of the Army Reserve or Army National Guard occupied by, or programed to be occupied by, persons in an active Guard or Reserve status: *Provided further*, That none of the funds appropriated by this Act shall be available to support more than 25,714 positions occupied by, or programed to be occupied by, persons in an active Reserve or Guard status in support of the Army Reserve or Army National Guard after February 1, 1984: *Provided further*, That none of the funds appropriated by this Act may be used to include military technicians in computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard or Air National Guard.]

[Sec. 771. None of the funds provided in this Act may be used to impose civilian personnel ceilings on Department of Defense industrially funded activities: *Provided*, That any increase in civilian personnel of such industrial funds in excess of the number employed on

September 30, 1982, shall not be counted for the purposes of any statutory or administratively imposed civilian personnel ceiling otherwise applicable during fiscal year 1984.]

Sec. [772] 748. Appropriations or funds available to the Department of Defense during the current fiscal year may be transferred to appropriations provided in this Act for research, development, test, and evaluation to the extent necessary to meet increased pay costs authorized by or pursuant to law, to be merged with and to be available for the same purposes, and the same time period, as the appropriation to which transferred.

[Sec. 773. The proviso contained in section 790 of the Department of Defense Appropriation Act, 1983, as enacted in Public Law 97-377 is hereby repealed.]

[Sec. 774. During the current fiscal year and subsequent fiscal years, for the purposes of the appropriation "Foreign Currency Fluctuations, Defense" the foreign currency exchange rates used in preparing budget submissions shall be the foreign currency exchange rates as adjusted or modified, as reflected in applicable Committee reports on this Act.]

[Sec. 775. During fiscal year 1984, not more than \$24,000,000 of the funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.]

[Sec. 775A. So far as may be practicable, Indian labor shall be employed, and purchases of the products of Indian industry may be made in open market in the discretion of the Secretary of Defense: *Provided*, That the products must meet pre-set contract specifications.]

Sec. [776] 749. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector: *Provided*, That nothing in this section shall affect authorized and established procedures for the sale of surplus aircraft or vehicles: *Provided further*, That nothing in this section shall prohibit such leasing when specifically authorized in a subsequent Act of Congress.

Sec. [777] 750. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before the Congress.

Sec. [778] 751. No funds available to the Department of Defense during the current fiscal year may be used to enter into any contract with a term of three years or more, inclusive of any option for contract extension or renewal, for any vessels, aircraft or vehicles, through a lease, charter, or similar agreement, that imposes an estimated termination liability (excluding the estimated value of the leased item at the time of termination) on the Government exceeding 50 per centum of the original purchase value of the vessel, aircraft, or vehicle involved for which the Congress has not specifically provided authority in an appropriation Act for the obligation of 10 per centum of such termination liability.

[Sec. 779. None of the funds appropriated by this Act may be obligated or expended to formulate or to carry out any requirement that, in order to be eligible to submit a bid or an offer on a Department of Defense contract to be let for the supply of commercial or commercial-type products, a small business concern (as defined pursuant to section 3 of the Small Business Act) must (1) demonstrate that its product is accepted in the commercial market (except to the extent that may be required to evidence compliance with the Walsh-Healey Public Contracts Act), or (2) satisfy any other prequalification to submitting a bid or an offer for the supply of any such product.]

[Sec. 779A. None of the funds appropriated in this Act may be obligated or expended in any way for the purpose of the sale, lease, rental, or excessing of any portion of land currently identified as Fort DeRussy, Honolulu, Hawaii.]

[Sec. 780. None of the funds made available by this Act shall be available to operate in excess of 247 commissaries in the contiguous United States.]

[Sec. 781. None of the funds provided in this Act shall be used to procure aircraft ejection seats manufactured in any foreign nation that does not permit United States manufacturers to compete for ejection seat procurement requirements in that foreign nation.]

[Sec. 782. No more than \$203,322,000 of the funds appropriated by this Act shall be available for the payment of unemployment compensation benefits.]

Sec. [783] 752. None of the funds appropriated by this Act should be obligated for the pay of any individual who is initially employed after the date of enactment of this Act as a technician in the administration and training of the Army Reserve and the maintenance and repair of supplies issued to the Army Reserve unless such individual is also a military member of the Army Reserve troop program unit that he or she is employed to support. Those technicians employed by the Army Reserve in areas other than Army Reserve troop program units need only be members of the Selected Reserve.

[Sec. 784. Notwithstanding any other provision of law, the Export-Import Bank of the United States may transfer to the Department of the Air Force, specifically for the Air National Guard, if requested, without reimbursement, five (5) DC-10 aircraft and associated spare parts in the possession of the Bank as a result of a default of a borrower from the Bank.]

Sec. [785] 753. None of the funds appropriated by this Act may be obligated or expended to adjust a base period under section 1079(h)(2) of title 10, United States Code, more frequently than the Secretary of Defense considers appropriate.

[Sec. 786. None of the funds appropriated by this Act shall be available to pay Variable Housing Allowance pursuant to section 403(a) title 37, United States Code, in amounts that exceed the amount of Variable Housing Allowance to which the member would otherwise be entitled under section 403(a), title 37, United States Code, minus the difference between the amount of Basic Allowance for Quarters such member is receiving and the Basic Allowance for Quarters payable to a member of the same rank and grade on September 30, 1983.]

Sec. [787] 754. None of the funds available to the Department of Defense shall be used to adjust any contract price for amounts set forth in any shipbuilding claim, request for equitable adjustment, or demand for payment or incurred due to the preparation, submission, or adjudication of any such shipbuilding claim, request, or demand under a contract entered into after the date of enactment of this Act, arising out of events occurring more than eighteen months prior to the submission of such shipbuilding claim, request, or demand. For the purposes of this Act, the requirement for "submission" of a shipbuilding claim, request, or demand is met only when the certification required in section 6(c)(1) of the Contracts Disputes Act of 1978 is provided and the shipbuilding claim, request, or demand is fully documented and substantiated in accordance with regulations to be promulgated by the Secretary of Defense.

[Sec. 788. Under regulations prescribed by the Secretary of Defense, the Department of the Air Force, and Defense Logistics Agency, may test a flat rate per diem system for military and civilian travel allowances: *Provided*, That per diem allowances paid under a flat rate per diem system shall be in an amount determined by the Secretary of Defense to be sufficient to meet normal and necessary expenses in the area in which travel is performed, but in no event will the travel allowances exceed \$75 for each day in travel status within the continental United States: *Provided further*, That the test approved under this section shall expire on September 30, 1985, or upon the effective date of permanent legislation establishing a flat rate per diem system for military and civilian personnel, whichever occurs first.]

[Sec. 789. None of the funds appropriated by this Act shall be used for the transfer of the Department of Defense Dependents Schools (DODDS) to the Department of Education, as prohibited by section 1223 of the Department of Defense Authorization Act, 1984.]

Sec. [790] 755. No part of the funds appropriated herein shall be available for the purchase of more than 50 per centum of the fiscal year requirements for aircraft power supply cable assemblies of each military facility from industries established pursuant to title 18, United States Code: *Provided*, That the restriction contained herein shall not apply to small purchases in amounts not exceeding \$10,000.

Sec. [791] 756. None of the funds appropriated by this Act shall be used to purchase dogs or cats or otherwise fund the use of dogs or cats for the purpose of training Department of Defense students or other personnel in surgical or other medical treatment of wounds produced by any type of weapon: *Provided*, That the standards of such training with respect to the treatment of animals shall adhere to the Federal Animal Welfare Law and to those prevailing in the civilian medical community.

[Sec. 792. Beginning on April 1, 1984, or on the effective date of the next adjustment in the General Schedule of compensation for Federal classified employees, whichever occurs first, none of the funds appropriated by this Act shall be available to pay Variable Housing Allowance to a member pursuant to section 403(a), title 37, United States Code, in an amount of basic Allowance for Quarters such member receives pursuant to section 403, title 37, United States Code, in the case of members with dependents, or the difference between \$600 and the amount of Basic Allowance for Quarters such member receives pursuant to section 403, title 37, United States Code, in the case of a member without dependents.]

[Sec. 793. The land and building located on the parcel described as lot four (4), block four (4), Fairbanks Original Townsite, section 10 townsite 1 south, range 1 west, Fairbanks meridian, shall be transferred to the city of Fairbanks.]

[Sec. 794. (a) Except as otherwise provided in this section, none of the funds appropriated by this or any other Act may be obligated or expended for the procurement of a weapon system unless the prime contractor or other contractors for such system provides the United States with written guarantees—

(1) that the system and each component thereof were designed and manufactured so as to conform to the Government's performance requirements as specifically delineated (A) in the production contract, or (B) in any other agreement relating to the production of such system entered into by the United States and the contractor;

(2) that the system and each component thereof, at the time they are provided to the United States, are free from all defects (in materials and workmanship) which would cause the system to fail to conform to the Government's performance requirements as specifically delineated (A) in the production contract, or (B) in any other agreement relating to the production of such system entered into by the United States and the contractor; and

(3) that, in the event of a failure of the weapon system or a component to meet the conditions specified in clauses (1) and (2)—

(A) the contractor will bear the cost of all work promptly to repair or replace such parts as are necessary to achieve the required performance requirements; or

(B) if the contractor fails to repair or replace such parts promptly, as determined by the Secretary of Defense, the contractor will pay the costs incurred by the United States in procuring such parts from another source.]

[(b) A written guarantee provided pursuant to subsection (a) shall not apply in the case of any weapon system or component thereof which has been furnished by the Government to a contractor.]

[(c) The Secretary of Defense may waive the requirements of subsection (a) in the case of a weapon system if the Secretary—

(1) determines that the waiver is necessary in the interest of the national defense or would not be cost-effective; and

(2) notifies the Committees on Armed Services and Appropriations of the Senate and the House of Representatives in writing of his intention to waive such requirements with respect to such weapon system and includes in the notice an explanation of the reasons for the waiver.]

[(d) The requirements for written guarantees provided in subsection (a) hereof shall apply only to contracts which are awarded after the date of enactment of this Act and shall not cover combat damage.]

[Sec. 795. None of the funds appropriated by this Act shall be obligated under the competitive rate program of the Department of Defense for the transportation of household goods to or from Alaska and Hawaii.]

[Sec. 796. No funds appropriated for the Departments of Defense, Army, Navy, or the Air Force shall be obligated by their respective Secretaries for architectural and engineering services and construction design contracts for Military Construction projects in the amount of \$85,000 and over, unless competition for such contracts is open to all firms regardless of size in accordance with 40 U.S.C. § 541 et seq.]

[Sec. 797. 757. None of the funds made available by this Act shall be used to initiate full-scale engineering development of any major defense acquisition program until the Secretary of Defense has provided to the Committees on Appropriations of the House and Senate—

(a) a certification that the system or subsystem being developed will be procured in quantities that are not sufficient to warrant

development of two or more production sources, or

(b) a plan for the development of two or more sources for the production of the system or subsystem being developed.

[Sec. 798. Funds appropriated by this Act shall be available for such studies and analyses contracts with federally established non-profit corporations which operate Federal Contract Research Centers as the Secretary of Defense may determine in accordance with procedures in effect on June 1, 1983, notwithstanding any other provisions of law: *Provided*, That this section shall expire on April 30, 1984.]

[Sec. 799. It is the sense of the Congress that the Secretary of Defense should formulate and carry out a program under which contracts awarded by the Department of Defense in fiscal year 1984 would, to the maximum extent practicable and consistent with existing law, be awarded to contractors who agree to carry out such contracts in labor surplus areas (as defined and identified by the Department of Labor).]

[Sec. 799A. The Administrator of General Services shall transfer to the State of Washington for educational correctional facility use and in accordance with provisions of law relating to the disposal of Federal property, that part of the real property, including all improvements and related personal property thereon, which was administered by the Department of Justice, located in Pierce County, Washington, known as the former McNeil Island Federal Penitentiary. Such transfer shall not include that part of McNeil Island comprising the wildlife refuge area.]

[Sec. 799B. Within the funds made available under title III of this Act, the military departments may use such funds as necessary, but not to exceed \$2,300,000, to carry out the provisions of section 430 of title 37, United States Code.]

[Sec. 799C. 758. Within funds available under title III of this Act, the Department of Defense shall provide free mailing privileges to members of the Armed Forces of the United States assigned to duty as part of the multinational peacekeeping force in Lebanon and to members of the Armed Forces of the United States assigned to duty in Grenada in the same manner and to the same extent such privileges would be accorded under section 3401 of title 39, United States Code, to members of the Armed Forces of the United States serving on active duty in an overseas area, as designated by the President, when the Armed Forces of the United States are engaged in military operations involving armed conflict with a hostile foreign force.

[Sec. 799D. None of the funds appropriated or otherwise made available under this Act may be available for any country during any three-month period beginning on or after November 1, 1983, immediately following a certification by the President to the Congress that the government of such country is failing to take adequate measures to prevent narcotic drugs or other controlled substances (as listed in the schedules in section 202 of the Comprehensive Drug Abuse and Prevention Control Act of 1971 (21 U.S.C. 812), which are cultivated, produced, or processed illicitly, in whole or in part, in such country, or transported through such country from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents or from entering the United States unlawfully.)]

[Sec. 799E. 759. Within funds available under title III of this Act, but not to exceed \$100,000, and under such regulations as the Secretary of Defense may prescribe, the Department of Defense may, in addition to allowances currently available, make payments for travel and transportation expenses of the surviving spouse, children, parents, and brothers and sisters of any member of the Armed Forces of the United States, who dies as the result of an injury or disease incurred in line of duty to attend the funeral of such member in any case in which the funeral of such member is more than 200 miles from the residence of the surviving spouse, children, parents or brothers and sisters, if such spouse, children, parents or brothers and sisters, as the case may be, are financially unable to pay their own travel and transportation expenses to attend the funeral of such member.

[Sec. 799F. (a) Not later than June 1, 1984, the Office of Federal Procurement Policy (hereinafter in this section referred to as the "Office") shall review the procurement practices, regulations, and reform proposals and programs of the Department of Defense relating to the procurement of spare parts for weapon systems and shall transmit to the Congress a report on the findings, conclusions, and recommendations of the Office relating to such matters. The report shall include (1) an evaluation of the adequacy of the reform propos-

als and programs to promote practices and the development of directives which will achieve control of costs, economy, and efficiency in the procurement of such spare parts and (2) such recommendations for legislation with respect to the procurement of such spare parts as the Office considers appropriate.]

[(b)(1) The Secretary of Defense shall furnish to the Office such information on the practices, regulations, and reform proposals and programs of the Department of Defense relating to the procurement of spare parts for weapon systems as the Office considers necessary to carry out subsection (a).]

[(2) The Inspector General of the Department of Defense shall furnish to the Office such information on the practices of the Department of Defense in procuring spare parts for weapon systems as the Inspector General acquires during his audits of such practices and the Office considers necessary to carry out subsection (a).]

[(c) The Inspector General of the Department of Defense shall have reasonable opportunity to review and comment on the report required by subsection (a) before the report is transmitted to the Congress. The comments of the Inspector General shall be included in such report.]

[Sec. 799G. It is the sense of the Congress that competition, which is necessary to enhance innovation, effectiveness, and efficiency, and which has served our Nation so well in other spheres of political and economic endeavor, should be expanded and increased in the provision of our national defense.]

[Sec. 799H. Notwithstanding any other provision of this Act, no funds appropriated by this Act shall be expended for the research, development, test, evaluation or procurement for integration of a nuclear warhead into the Joint Tactical Missile System (JTACMS).]

Sec. 760. Section 765(c) of the Department of Defense Appropriation Act, 1984, is repealed.

Sec. 761. Section 794 of the Department of Defense Appropriation Act, 1984, is repealed. (Department of Defense Appropriation Act, 1984.)

GENERAL PROVISIONS—MILITARY CONSTRUCTION

Sec. 101. Funds appropriated to the Department of Defense for construction in prior years are hereby made available for construction authorized for each such department by the authorizations enacted into law during the [first] second session of the Ninety-eighth Congress.

Sec. 102. None of the funds appropriated in this Act shall be expended for payments under a cost-plus-a-fixed-fee contract for work, where cost estimates exceed \$25,000, to be performed within the United States, except Alaska, without the specific approval in writing of the Secretary of Defense setting forth the reasons therefor.

[Sec. 103. None of the funds appropriated in this Act shall be used for the construction, replacement, or reactivation of any bakery, laundry, or drycleaning facility in the United States, its territories, or possessions, as to which the Secretary of Defense does not certify, in writing, giving his reasons therefor, that the services to be furnished by such facilities are not obtainable from commercial sources at reasonable rates.]

Sec. [104] 103. Funds herein appropriated to the Department of Defense for construction shall be available for hire of passenger motor vehicles.

Sec. [105] 104. Funds appropriated to the Department of Defense for construction may be used for advances to the Federal Highway Administration, Department of Transportation, for the construction of access roads as authorized by section 210 of title 23, United States Code, when projects authorized therein are certified as important to the national defense by the Secretary of Defense.

Sec. [106] 105. None of the funds appropriated in this Act may be used to begin construction of new bases inside the continental United States for which specific appropriations have not been made.

Sec. [107] 106. No part of the funds provided in this Act shall be used for purchase of land or land easements in excess of 100 per centum of the value as determined by the Corps of Engineers or the Naval Facilities Engineering Command, except: (a) where there is a determination of value by a Federal court, or (b) purchases negotiated by the Attorney General or his designee, or (c) where the estimated value is less than \$25,000, or (d) as otherwise determined by the Secretary of Defense to be in the public interest.

Sec. [108] 107. None of the funds appropriated in this Act shall be used to (1) acquire land, (2) provide for site preparation, or (3) install utilities for any family housing, except housing for which funds have

been made available in annual military construction appropriation Acts.

[Sec. 109. None of the funds appropriated in this Act for minor construction may be used to transfer or relocate any activity from one base or installation to another, without prior notification to the Committees on Appropriations.]

[Sec. 110. None of the funds appropriated or otherwise made available under this Act shall be obligated or expended in connection with any base realignment or closure activity, until all terms, conditions and requirements of the National Environmental Policy Act have been complied with, with respect to each such activity.]

[Sec. 111. No part of the funds appropriated in this Act may be used for the procurement of steel for any construction project or activity for which American steel producers, fabricators, and manufacturers have been denied the opportunity to compete for such steel procurement.]

Sec. [112] 108. No part of the funds appropriated in this Act for dredging in the Indian Ocean may be used for the performance of the work by foreign contractors: *Provided*, That the low responsive bid of a United States contractor does not exceed the lowest responsive bid of a foreign contractor by greater than 20 per centum.

[Sec. 113. No part of the funds appropriated in this Act may be obligated for construction of any site-specific facilities for the MX missile system until all terms, conditions, and requirements of the National Environmental Policy Act (42 U.S.C. 4332) are met.]

[Sec. 114. None of the funds available to the Department of Defense for military construction or family housing during the current fiscal year may be used to pay real property taxes in any foreign nation.]

Sec. [115] 109. No part of the funds appropriated in this Act may be used to pay the compensation of an officer of the Government of the United States or to reimburse a contractor for the employment of a person for work in the continental United States by any such person if such person is an alien who has not been lawfully admitted to the United States.

[Sec. 116. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to 5 U.S.C. 3109, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.]

[Sec. 117. Notwithstanding any other provision of law, any funds appropriated to a military department or defense agency for the construction of military projects may be obligated for a military construction project or contract, or for any portion of such a project or contract, at any time before the end of the fourth fiscal year after the fiscal year for which funds for such project were appropriated if the funds obligated for such project (1) are obligated from funds available for military construction projects, and (2) do not exceed the amount appropriated for such projects, plus any amount by which the cost of such project is increased pursuant to law.]

[Sec. 118. None of the funds appropriated in this Act may be obligated or expended in any way for the express purpose of the sale, lease, or rental of any portion of land currently identified as Fort DeRussy, Honolulu, Hawaii.]

Sec. [119] 110. None of the funds in this Act may be used to initiate a new installation overseas without prior notification to the Committees on Appropriations.

[Sec. 120. None of the funds appropriated in this Act for F-16 beddown projects at Misawa, Japan, may be obligated or expended unless there has been notification to the Committees on Appropriations that the approved Government of Japan budget for fiscal year 1984 includes projects associated with the F-16 beddown as an additive over the level of funding provided in Japanese fiscal year 1983 for the facilities improvement program.]

[Sec. 121. It is the sense of the Congress that the Administration should call on the pertinent member nations of the North Atlantic Treaty Organization and on Japan to meet or exceed their pledges for at least a 3 per centum real increase in defense spending and furtherance of increased unity, equitable sharing of our common defense burden, and international stability.]

[Sec. 122. (a) None of the funds appropriated in this Act may be available for any country if the President determines that the government of such country is failing to take adequate measures to prevent narcotic drugs or other controlled substances cultivated or produced or processed illicitly, in whole or in part, in such country, or transported through such country, from being sold illegally within the

jurisdiction of such country to United States personnel or their dependents, or from being smuggled into the United States. Such prohibition shall continue in force until the President determines and reports to the Congress in writing that—

(1) the government of such country has prepared and committed itself to a plan presented to the Secretary of State that would eliminate the cause or basis for the application to such country of the prohibition contained in the first sentence; and

(2) the government of such country has taken appropriate law enforcement measures to implement the plan presented to the Secretary of State.]

[(b) The provisions of subsection (a) shall not apply in the case of any country with respect to which the President determines that the application of the provisions of such subsection would be inconsistent with the national security interests of the United States.]

[SEC. 123. Of the total amount of budget authority provided for fiscal year 1984 by this Act that would otherwise be available for

consulting services, management and professional services, and special studies and analyses, 10 per centum of the amount intended for such purposes in the President's budget for 1984, as amended, for any agency, department or entity subject to apportionment by the Executive shall be placed in reserve and not made available for obligation or expenditure: *Provided*, That this section shall not apply to any agency, department or entity whose budget request for 1984 for the purposes stated above did not amount to \$5,000,000.]

SEC. 111. *Appropriations heretofore made available for Military Construction, Army; Military Construction, Navy; Military Construction, Air Force; Military Construction, Defense Agencies; Military Construction, Army National Guard; Military Construction, Air National Guard; Military Construction, Army Reserve; Military Construction, Naval Reserve; Military Construction, Air Force Reserve; and for construction for Family Housing, Defense; Family Housing, Army; Family Housing, Navy and Marine Corps; and Family Housing, Air Force, shall remain available until expended. Each such appropriation shall be merged with the appropriations made in this Act under the same head. (Military Construction Appropriations Act, 1984.)*

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

Federal Funds

General and special funds:

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase of one passenger motor vehicle for replacement only, [\$8,203,000] \$7,759,000, to remain available until expended: *Provided*, That reimbursement shall be made to the applicable military appropriation for the pay and allowances of any military personnel performing services primarily for the purposes of this appropriation. (*Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1984.*)

Program and Financing (in thousands of dollars)

Identification code	21-1805-0-1-705	1983 actual	1984 est.	1985 est.
Program by activities:				
1.	Operation and maintenance.....	6,147	6,321	6,211
2.	Administration.....	292	331	325
3.	Special construction, Arlington National Cemetery.....	254	1,792	1,223
10.00	Total obligations.....	6,693	8,444	7,759
Financing:				
17.00	Recovery of prior year obligations.....	— 120		
21.40	Unobligated balance available, start of year.....	— 33	— 142	
24.40	Unobligated balance available, end of year.....	142		
39.00	Budget authority.....	6,682	8,302	7,759
Budget authority:				
40.00	Appropriation.....	6,682	8,203	7,759
44.10	Supplemental for wage-board pay raises.....		71	
44.20	Supplemental for civilian pay raises.....		28	
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	6,693	8,444	7,759
72.40	Obligated balance, start of year.....	1,247	1,787	2,096
74.40	Obligated balance, end of year.....	— 1,787	— 2,096	— 2,315
78.00	Adjustments in unexpired accounts.....	— 120		
90.00	Outlays, excluding pay raise supplemental.....	6,032	8,041	7,535
91.10	Outlays from wage-board pay raise supplemental.....		68	3
91.20	Outlays from civilian pay raise supplemental.....		26	2

1. *Operation and maintenance.*—Funds requested will provide for contractual services, necessary operating supplies and equipment, and personnel.

2. *Administration.*—Provision is made for determining eligibility for burial; management of Arlington and Soldiers' Home National Cemeteries; and administrative support.

3. *Special construction, Arlington National Cemetery.*—Funds requested will continue general repair of cemetery roads and complete design for a permanent visitor center.

Object Classification (in thousands of dollars)

Identification code	21-1805-0-1-705	1983 actual	1984 est.	1985 est.
Personnel compensation:				
11.1	Full-time permanent.....	2,771	2,942	3,010
11.3	Other than full-time permanent.....	185	203	151
11.5	Other personnel compensation.....	68	84	76
11.8	Special personal services payments.....	96	102	104
11.9	Total personnel compensation.....	3,120	3,331	3,341
12.1	Personnel benefits: Civilian.....	459	491	494
21.0	Travel and transportation of persons.....	2	2	2
22.0	Transportation of things.....	3	3	3
23.1	Standard level user charges.....	11	22	22
23.2	Communications, utilities, and other rent....	161	166	170
25.0	Other services.....	1,918	1,808	2,189
26.0	Supplies and materials.....	421	438	460
31.0	Equipment.....	224	216	215
32.0	Lands and structures.....	374	1,967	863
99.9	Total obligations.....	6,693	8,444	7,759

Personnel Summary

Total number of full-time permanent positions.....	140	140	140
Total compensable workyears:			
Full-time equivalent employment.....	152	149	149
Full-time equivalent of overtime and holiday hours.....	3	3	3

I-H1

MILITARY RETIREMENT*Federal Funds***General and special funds:****PAYMENT TO MILITARY RETIREMENT FUND****Program and Financing (in thousands of dollars)**

Identification code	97-0040-0-1-054	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations (object class 13.0)			8,900,000
Financing:				
60.00	Budget authority (appropriation) (permanent, indefinite)			8,900,000
Relation of obligations to outlays:				
71.00	Obligations incurred, net			8,900,000
90.00	Outlays			8,900,000

The 1985 payment to the military retirement fund includes funds for the amortization of the unfunded liability for all retirement benefits earned by military personnel for service prior to 1985. The amortization schedule for the unfunded liability will be determined by a Board of Actuaries. Included in the unfunded liability are the consolidated requirements of the military departments to cover: (a) retired officers and enlisted personnel of the Army, Navy, Marine Corps, and Air Force; (b) retainer pay of enlisted personnel of the Fleet Reserve of the Navy and Marine Corps; and (c) survivors benefits.

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority			8,900,000
Outlays			8,900,000
Proposed for later transmittal under proposed legislation:			
Budget authority			48,600
Outlays			48,600
Total:			
Budget authority			8,948,600
Outlays			8,948,600

PAYMENT TO MILITARY RETIREMENT FUND

(Proposed for later transmittal, proposed legislation)

Program and Financing (in thousands of dollars)

Identification code	97-0040-2-1-054	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations (object class 25.0)			48,600
Financing:				
40.00	Budget authority (appropriation) (indefinite)			48,600
Relation of obligations to outlays:				
71.00	Obligations incurred, net			48,600
90.00	Outlays			48,600

Legislation will be proposed to provide funds for the Military Retirement Fund to finance certain benefits to surviving spouses and children of members of the Armed Forces, formerly payable under the Social Security Act and restored by section 156 of the Joint Resolu-

General and special funds—Continued

PAYMENT TO MILITARY RETIREMENT FUND—Continued

tion providing Continuing Appropriations for 1983
(Public Law 97-377).

Trust Funds**MILITARY RETIREMENT FUND****Program and Financing (in thousands of dollars)**

Identification code	97-8097-0-7-602	1983 actual	1984 est.	1985 est.
Program by activities:				
1.	Nondisability.....			14,897,400
2.	Temporary disability.....			53,100
3.	Permanent disability.....			1,362,400
4.	Fleet Reserve.....			796,200
5.	Survivors' benefits.....			583,900
10.00	Total obligations (object class 42.0).....			17,693,000
Financing:				
	Unobligated balance available, end of year:			
24.40	Treasury balance.....			2,000
24.40	U.S. securities (par).....			9,580,771
60.00	Budget authority (appropriation) (permanent, indefinite).....			27,275,771
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....			17,693,000
74.40	Obligated balance, end of year.....			-69,400
90.00	Outlays.....			17,623,600

The Defense Authorization Bill, Public Law 98-94, provides for accrual funding of the military retirement system, and for the establishment of a Department of Defense Military Retirement Fund. The fund will be financed through: (a) Federal contributions for retired pay and retirement pay of military personnel on the retired lists of the Army, Navy and Marine Corps, and Air Force, including the reserve components thereof, and retainer pay for personnel of the Inactive Fleet Reserve; (b) Government contributions consisting of a normal cost accrual percentage (51.0 percent) applied to basic pay amounts contained in the military personnel appropriations; and (c) interest on investments.

It is estimated that approximately 1,476,720 military annuitants will be on the retirement rolls as of September 30, 1985.

The status of the fund is as follows.

STATUS OF FUND

(In thousands of dollars)

	1983 actual	1984 est.	1985 est.
Balance of trust fund, start of year.....			
Cash income for the year:			
Intragovernmental receipts:			
Employer's contribution:			
Current pay rates:			
Appropriated, DOD Military.....			16,731,100
Appropriated, Corps of Engineers (civil).....			6,870
Effect of proposed 1985 pay increase.....			688,500
Total employer's contribution.....			17,426,470
General fund contribution:			
Existing legislation.....			8,900,000
Proposed legislation.....			48,600

Interest on investments.....			949,301
Total net income.....			27,324,371
Cash outgo during the year:			
Payments to beneficiaries.....			17,623,600
Proposed legislation:			
Survivor benefits.....			48,600
January 1985 cost-of-living adjustment.....			-346,700
Total outgo.....			17,325,500
Unexpended balance, end of year:			
Cash.....			71,400
U.S. securities.....			9,927,471
Balance of trust fund, end of year.....			9,998,871

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(In thousands of dollars)

	1983 actual	1984 estimate	1985 estimate
Enacted/requested:			
Budget authority.....			27,275,771
Outlays.....			17,623,600
Proposed for later transmittal under proposed legis-			
lation:			
Budget authority.....			48,600
Outlays.....			-298,100
Total:			
Budget authority.....			27,324,371
Outlays.....			17,325,500

MILITARY RETIREMENT FUND

(Proposed for later transmittal, proposed legislation)

Program and Financing (in thousands of dollars)

Identification code	97-8097-2-7-602	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations.....			-298,100
Financing:				
24.40	Unobligated balance available, end of year:			
	U.S. securities (par).....			346,700
40.00	Budget authority (appropriation) (in-			
	definite).....			48,600
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....			-298,100
90.00	Outlays.....			-298,100

Legislation will be proposed to provide funds for the Military Retirement Fund to finance certain benefits to surviving spouses and children of members of the Armed Forces, formerly payable under the Social Security Act and restored by section 156 of the Joint Resolution providing Continuing Appropriations for 1983 (Public Law 97-377). Legislation will also be proposed to delay implementation of the May 1984 cost-of-living adjustment until January 1985.

Object Classification (in thousands of dollars)

Identification code	97-8097-2-7-602	1983 actual	1984 est.	1985 est.
41.0	Grants, subsidies, and contributions.....			48,600
42.0	Insurance claims and indemnities.....			-346,700
99.9	Total obligations.....			-298,100

SOLDIERS' AND AIRMEN'S HOME

Trust Funds

OPERATION AND MAINTENANCE

For maintenance and operation of the United States Soldiers' and Airmen's Home, to be paid from the Soldiers' and Airmen's Home permanent fund, [\$30,924,000] \$32,352,000. *Provided*, That this appropriation shall not be available for the payment of hospitalization of members of the Home in United States Army hospitals at rates in excess of those prescribed by the Secretary of the Army upon recommendation of the Board of Commissioners and the Surgeon General of the Army. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1984.*)

Program and Financing (in thousands of dollars)

Identification code 84-8931-0-7-705	1983 actual	1984 est.	1985 est.
Program by activities:			
Direct program	27,059	31,286	32,352
Reimbursement program	140	143	144
10.00 Total obligations	27,199	31,429	32,496
Financing:			
14.00 Offsetting collections from: Non-Federal sources	-140	-143	-144
39.00 Budget authority	27,059	31,286	32,352
Budget authority:			
40.00 Appropriation	27,059	30,924	32,352
44.10 Supplemental for wage board pay raises		78	
44.20 Supplemental for civilian pay raises		284	
Relation of obligations to outlays:			
71.00 Obligations incurred, net	27,059	31,286	32,352
72.40 Obligated balance, start of year	3,215	3,195	3,685
74.40 Obligated balance, end of year	-3,195	-3,685	-3,820
77.00 Adjustments in expired accounts	-95		
90.00 Outlays, excluding pay raise supplemental	26,983	30,453	32,198
91.10 Outlays from wage-board pay raise supplemental		74	4
91.20 Outlays from civilian pay raise supplemental		269	15

The U.S. Soldiers' and Airmen's Home provides medical and domiciliary care and other authorized benefits for the relief and support of certain retired soldiers of the Regular Army and airmen of the Air Force.

The average number of members receiving domiciliary and hospital care are shown below:

	1983 actual	1984 estimate	1985 estimate
Domiciliary care	1,715	1,727	1,727
Hospital care	370	373	373
Total members	2,085	2,100	2,100

Object Classification (in thousands of dollars)

Identification code 84-8931-0-7-705	1983 actual	1984 est.	1985 est.
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	14,025	16,571	16,925
11.3 Other than full-time permanent	1,390	1,289	1,315
11.5 Other personnel compensation	711	886	907
11.9 Total personnel compensation	16,126	18,746	19,147
12.1 Personnel benefits: Civilian	1,996	2,386	2,640
13.0 Benefits for former personnel	39		
21.0 Travel and transportation of persons	5	15	17
22.0 Transportation of things	24	6	6
23.2 Communications, utilities, and other rent	852	1,200	1,236

24.0	Printing and reproduction	16	29	31
25.0	Other services	2,076	2,971	3,072
26.0	Supplies and materials	4,925	5,539	5,747
31.0	Equipment	898	394	456
32.0	Lands and structures	91		
42.0	Insurance claims and indemnities	11		
99.0	Subtotal, direct obligations	27,059	31,286	32,352
99.0	Reimbursable obligations	140	143	144
99.9	Total obligations	27,199	31,429	32,496

Personnel Summary

NONMEMBER EMPLOYEES

Total number of full-time permanent positions	682	758	758
Total compensable workyears:			
Full-time equivalent employment	719	805	805
Full-time equivalent of overtime and holiday hours	14	14	15

MEMBER EMPLOYEES

Total number of full-time permanent positions	169	167	167
Total compensable workyears:			
Full-time equivalent employment	212	197	197
Full-time equivalent of overtime and holiday hours	3	3	3

CAPITAL OUTLAY

For construction and renovation of the physical plant, to be paid from the Soldiers' and Airmen's Home permanent fund, [\$4,550,000] \$5,000,000, to remain available until expended. (*Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1984.*)

Program and Financing (in thousands of dollars)

Identification code 84-8932-0-7-705	1983 actual	1984 est.	1985 est.
Program by activities:			
10.00 Total obligations		4,550	5,000
Financing:			
40.00 Budget authority (appropriation)		4,550	5,000
Relation of obligations to outlays:			
71.00 Obligations incurred net		4,550	5,000
72.40 Obligated balance, start of year	953	951	1,376
74.40 Obligated balance, end of year	-951	-1,376	-1,594
90.00 Outlays	2	4,125	4,782

This appropriation finances renovation and construction of the physical plant of the U.S. Soldiers' and Airmen's Home.

Object Classification (in thousands of dollars)

Identification code 84-8932-0-7-705	1983 actual	1984 est.	1985 est.
25.0 Other services		250	3,000
32.0 Lands and structures		4,300	2,000
99.0 Total obligations		4,550	5,000

PAYMENT OF CLAIMS

Program and Financing (in thousands of dollars)

Identification code 84-8930-0-7-705	1983 actual	1984 est.	1985 est.
Program by activities:			
10.00 Total obligations (object class 42 0)		5	5

PAYMENT OF CLAIMS—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	84-8930-0-7-705	1983 actual	1984 est.	1985 est.
Financing:				
60.00	Budget authority (appropriation) (permanent, indefinite).....		5	5
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....		5	5
90.00	Outlays.....		5	5

Refunds are made from the permanent fund of amounts of courts-martial fines and other charges erroneously deducted from the pay of soldiers and airmen after adjudication of claims therefor by the General Accounting Office.

SOLDIERS' AND AIRMEN'S HOME PERMANENT FUND (TRUST FUND)

Amounts Available for Appropriation (in thousands of dollars)

	1983 actual	1984 est.	1985 est.
Unappropriated balance, start of year.....	119,433	139,288	154,462
Revenues:			
Interest.....	11,301	15,100	16,500
Government receipts.....	31,232	31,200	31,200
Proprietary receipts.....	4,287	4,715	4,915
Total available for appropriation.....	166,253	190,303	207,077
Appropriations:			
Operation and maintenance.....	-27,059	-30,924	-32,352
Capital outlay.....		-4,550	-5,000
Supplemental for civilian pay raises.....		-284	
Supplemental for wage board pay raises.....		-78	
Payment of certified claims.....		-5	-5
Total appropriations.....	-27,059	-35,841	-37,357
Unobligated balance returned to unappropriated receipts.....	95		
Unappropriated balance, end of year.....	139,288	154,462	169,720

This fund consists of receipts from fines, forfeitures, and stoppages of pay of regular enlisted personnel of the Army and Air Force, withholding not to exceed 50 cents per month from the pay of such personnel, estates of deceased soldiers and airmen, other receipts consisting largely of interest paid on the fund, and a fee charged to Home members.

SOLDIERS' AND AIRMEN'S HOME REVOLVING FUND

Program and Financing (in thousands of dollars)

Identification code	84-8463-0-8-705	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Total obligations (object class 26.0).....	420	400	400
Financing:				
13.00	Offsetting collections from: Trust funds.....	-403	-400	-400
21.98	Unobligated balance available, start of year: Fund balance.....	-95	-77	-77
24.98	Unobligated balance available, end of year: Fund balance.....	77	77	77
39.00	Budget authority.....			

Relation of obligations to outlays:

71.00	Obligations incurred, net.....	17		
72.98	Obligated balance, start of year: Fund balance.....	40	64	64
74.98	Obligated balance, end of year: Fund balance.....	-64	-64	-64
90.00	Outlays.....	-7		

This fund finances, on a reimbursable basis, inventories of supplies and equipment for use in the operating activities of the Soldiers' and Airmen's Home. The fund does not finance the acquisition of major items of equipment.

WILDLIFE CONSERVATION, MILITARY RESERVATIONS

Federal Funds

General and special funds:

WILDLIFE CONSERVATION

Program and Financing (in thousands of dollars)

Identification code	97-5095-0-2-303	1983 actual	1984 est.	1985 est.
Program by activities:				
Conservation of game:				
	Department of the Army.....	1,018	1,225	1,225
	Department of the Navy.....	112	225	236
	Department of the Air Force.....	208	270	300
10.00	Total obligations.....	1,338	1,720	1,761
Financing:				
21.40	Unobligated balance available, start of year.....	-1,085	-1,181	-1,044
24.40	Unobligated balance available, end of year.....	1,181	1,044	962
60.00	Budget authority (appropriation) (permanent, indefinite, special fund).....	1,435	1,583	1,679
Relation of obligations to outlays:				
71.00	Obligations incurred, net.....	1,338	1,720	1,761
72.40	Obligated balance, start of year.....	276	464	546
74.40	Obligated balance, end of year.....	-464	-546	-538
90.00	Outlays.....	1,151	1,638	1,769
Distribution of budget authority by account:				
	Department of the Army.....	1,057	1,103	1,183
	Department of the Navy.....	120	230	236
	Department of the Air Force.....	258	250	260
Distribution of outlays by account:				
	Department of the Army.....	889	1,228	1,223
	Department of the Navy.....	89	170	246
	Department of the Air Force.....	172	240	300

These appropriations provide for a program of development and conservation of fish and wildlife and the development of recreational facilities on military reservations. The proceeds from the sale of fishing and hunting permits have been and will continue to be used for these programs on the 35 Army, 21 Navy and Marine Corps, and 27 Air Force bases charging such fees. These programs are carried out through cooperative plans agreed upon by the local representatives of the Secretary of Defense, the Secretary of the Interior, and the appropriate agency of the State in which the reservation is located.

Object Classification (in thousands of dollars)							
Identification code	97-5095-0-2-303	1983 actual	1984 est.	1985 est.			
Personnel compensation:					26.0	Supplies and materials	527 757 773
11.1	Full-time permanent	69	77	78	31.0	Equipment	109 121 129
12.1	Personnel benefits: Civilian	9	10	11	32.0	Lands and structures	24 28 32
21.0	Travel and transportation of persons	19	21	22	99.9	Total obligations	1,338 1,720 1,761
23.2	Communications, utilities, and other rent	4	5	5	Personnel Summary		
24.0	Printing and reproduction	12	14	16	Total number of full-time permanent positions		
25.0	Other services	565	687	695	Total compensable workyears: Full-time equivalent employment		

PART II

SUPPLEMENTALS AND RESCISSIONS

II-1

Pages II-1 through II-3, II-12 through II-15, II-33, II-35, II-38 and II-39 have been extracted and reprinted herein.

The entire part may be referred to on pages II-1 through II-41 of "The Budget of the United States Government" (Appendix).

EXPLANATION OF REQUESTS

This part contains supplemental appropriations requests for 1984 being proposed for congressional consideration in this budget. Requests for supplemental appropriations are usually made after enactment of regular appropriations. In cases where programs are funded under a continuing resolution, some requests are included to supplement the funding available under the resolution. Information is also included on proposals to rescind budget authority for 1984.

PROPOSED SUPPLEMENTAL REQUESTS

Supplemental requests are shown as separate sections.

Section I.—Supplementals proposed in this budget for various purposes other than increased pay costs are presented in this section and usually include: suggested appropriation language, the related budget schedules, and the reasons for the requests. In some cases, language is proposed to reduce mandatory program levels (entitlements, for example) included in authorizing legislation. In such cases, separate budget schedules are not shown, but the reduced funding levels that would result are reflected in the regular budget schedules for the account in Part I. In other cases, language is pro-

posed to reduce enacted guaranteed loan limitations; the reduced commitment level is reflected in the regular schedule for Status of Guaranteed Loans for the account in Part I.

Section II.—Requests for pay supplementals in this section are in the form of suggested appropriation language. The amounts contained in the appropriation language also appear as separate line entries in the regular program and financing schedules in Part I.

Section III.—Two supplemental requests are pending before the Congress. The suggested appropriation language, related budget schedules, and the reasons for these requests are presented in this section.

RESCISSION PROPOSALS

Section IV.—Under the provisions of the Impoundment Control Act of 1974 (Public Law 93-344), whenever the President proposes rescission of enacted appropriations, a special message must be sent to the Congress giving details of the proposal. Included in this part—for rescission proposals being made in conjunction with this budget—are related budget schedules, references to the special message being sent to the Congress, and explanations of the proposals.

PROPOSED SUPPLEMENTALS AND RESCISSION PROPOSALS **SUMMARY OF PROPOSED SUPPLEMENTALS AND RESCISSION PROPOSALS**

1984 requests			1984 requests		
	1984 budget authority	Associated requests not affecting budget authority		1984 budget authority	Associated requests not affecting budget authority
PROPOSED SUPPLEMENTAL ACTIONS					
SECTION I—PROPOSED SUPPLEMENTAL APPROPRIATIONS FOR VARIOUS PROGRAMS [EXCLUDING REQUESTS FOR INCREASED PAY COSTS]					
Legislative branch.....	164,083,000		Department of Defense—Civil.....	461,000	4,800,000
The Judiciary.....	8,895,000		Department of Education.....		language
Executive Office of the President.....	511,000		Department of Energy.....	2,827,000	
Funds Appropriated to the President.....	330,897,000		Department of Health and Human Services.....	13,071,000	10,000,000
Department of Agriculture.....	1,172,626,000		Department of Housing and Urban Development.....		language
Department of Defense—Military.....	549,900,000		Department of the Interior.....	8,492,000	
Department of Education.....	1,920,000	3,923,000	Department of Justice.....	52,272,000	
Department of Energy.....	160,600,000		Department of Labor.....	5,500,000	
Department of Health and Human Services.....	43,200,000	4,000,000	Department of State.....	10,359,000	
Department of Housing and Urban Development.....	— 354,270,000		Department of Transportation.....	54,519,000	7,072,000
Department of the Interior.....	54,390,000		Department of the Treasury.....	78,000,000	
Department of Justice.....	20,658,000		Environmental Protection Agency.....		3,500,000
Department of State.....	38,276,000		National Aeronautics and Space Administration.....	20,000,000	
Department of Transportation.....	143,475,000	15,000,000	Office of Personnel Management.....		language
Department of the Treasury.....	1,000,000		Small Business Administration.....	1,900,000	
Environmental Protection Agency.....	55,500,000	50,000	Veterans Administration.....	128,331,000	
General Services Administration.....	230,000		Other independent agencies.....	21,998,000	
Office of Personnel Management.....	203,173,000				
Veterans Administration.....	172,688,000		Total, section II.....	2,246,761,000	47,504,000
Other independent agencies.....	2,650,000				
Total, section I.....	2,770,402,000	22,973,000	SECTION III—SUPPLEMENTAL APPROPRIATIONS REQUEST PENDING BEFORE THE CONGRESS ²		
SECTION II—INCREASED PAY COSTS FOR THE FISCAL YEAR 1984			Department of Defense—Military.....	85,000,000	
Legislative branch.....	29,796,000		SECTION IV—RESCISSION PROPOSALS		
The Judiciary.....	20,526,000		Department of Housing and Urban Development.....	— 331,431,000	
Executive Office of the President.....	1,952,000		Department of the Interior.....	— 30,000,000	
Funds Appropriated to the President.....	4,790,000		Department of Labor.....	— 1,700,000	
Department of Agriculture.....	12,779,000	18,952,000	Other independent agencies.....	— 25,418,000	
Department of Commerce.....	3,368,000	3,180,000	Off-Budget Federal Entities; Department of Agriculture...	(— 197,862,000)	
Department of Defense—Military.....	1,775,820,000		Total, rescission proposals.....	— 388,549,000	
			Grand total.....	4,713,614,000	70,477,000

¹ The pay supplemental request for the Department of Defense—Military was transmitted to the Congress on December 15, 1983.

² The rescission proposal for the Department of Labor was transmitted to the Congress on December 21, 1983.

DETAILS OF PROPOSED SUPPLEMENTAL APPROPRIATIONS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1984

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated to supply supplemental appropriations for the fiscal year ending September 30, 1984 and for other purposes; namely:

SECTION I—PROPOSED SUPPLEMENTAL APPROPRIATIONS FOR VARIOUS PROGRAMS (EXCLUDING REQUESTS FOR INCREASED PAY COSTS)

Department of Defense—Military MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

(Supplemental now requested, existing legislation)

For an additional amount for "Military personnel, Army", \$3,400,000.

Program and Financing (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
Program by activities:			
00.02 Pay and allowances of enlisted personnel		1,500	
00.04 Subsistence of enlisted personnel		1,800	
00.06 Other military personnel costs		100	
10.00 Total obligations		3,400	
Financing:			
40.00 Budget authority (appropriation)		3,400	
Relation of obligations to outlays:			
71.00 Obligations incurred, net		3,400	
72.40 Obligated balance, start of year			70
74.40 Obligated balance, end of year		-70	-20
90.00 Outlays		3,330	50

Object Classification (in thousands of dollars)

12.2 Personnel benefits: Military: other	1,300
26.0 Supplies and materials	2,100
99.9 Total obligations	3,400

MILITARY PERSONNEL, MARINE CORPS

(Supplemental now requested, existing legislation)

For an additional amount for "Military personnel, Marine Corps", \$5,500,000.

Program and Financing (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
Program by activities:			
00.01 Pay and allowances of officers		125	
00.02 Pay and allowances of enlisted personnel		1,075	
00.04 Subsistence of enlisted personnel		3,520	
00.06 Other military personnel costs		780	
10.00 Total obligations		5,500	
Financing:			
40.00 Budget authority (appropriation)		5,500	

Relation of obligations to outlays:			
71.00 Obligations incurred, net	5,500		
72.40 Obligated balance, start of year			200
74.40 Obligated balance, end of year	-200		-90
90.00 Outlays	5,300		110

Object Classification (in thousands of dollars)

11.7 Personnel compensation: Military personnel	1,200
26.0 Supplies and materials	3,520
42.0 Insurance claims and indemnities	780
99.9 Total obligations	5,500

RETIRED MILITARY PERSONNEL

RETIRED PAY, DEFENSE

(Supplemental now requested, existing legislation)

For an additional amount for "Retired pay, Defense", \$243,000,000.

Program and Financing (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
Program by activities:			
00.01 Nondisability		204,000	
00.02 Temporary disability		1,000	
00.03 Permanent disability		19,000	
00.04 Fleet reserve		11,000	
00.05 Survivors' benefits		8,000	
10.00 Total obligations (object class 13.0)		243,000	
Financing:			
40.00 Budget authority (appropriation)		243,000	
Relation of obligations to outlays:			
71.00 Obligations incurred, net		243,000	
90.00 Outlays		243,000	

This supplemental request would provide funds to support retired pay increases for cost-of-living adjustments.

RETIRED PAY, DEFENSE

(Proposed for later transmittal, proposed legislation)

Program and Financing (in thousands of dollars)

Identification code	1983 actual	1984 est.	1985 est.
Program by activities:			
00.01 Nondisability	-204,000		
00.02 Temporary disability	-1,000		
00.03 Permanent disability	-19,000		
00.04 Fleet reserve	-11,000		
00.05 Survivors' benefits	-8,000		
10.00 Total obligations (object class 13.0)	-243,000		
Financing:			
39.00 Budget authority	-243,000		
Budget authority:			
40.00 Appropriation	-242,800		
41.00 Transferred to other accounts	-200		
43.00 Appropriation (adjusted)	-243,000		
Relation of obligation to outlays:			
71.00 Obligations incurred, net	-243,000		
90.00 Outlays	-243,000		

The automatic cost-of-living adjustment for military retirees is currently scheduled to be effective May 1984. Legislation will be proposed to delay implementation until January 1985.

OPERATION AND MAINTENANCE

OPERATION AND MAINTENANCE, ARMY

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Army", \$90,500,000, and in addition, the amount available under this heading that can be used for emergencies and extraordinary expenses is increased to \$11,098,000.

Program and Financing (in thousands of dollars)

Identification code	21-2020-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.02	2. General purpose forces		78,300	
00.09	9. Administration and associated activities		12,200	
10.00	Total obligations		90,500	
Financing:				
40.00	Budget authority (appropriation)		90,500	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		90,500	
72.40	Obligated balance, start of year			19,910
74.40	Obligated balance, end of year		-19,910	-4,570
90.00	Outlays		70,590	15,340

Object Classification (in thousands of dollars)

11.5	Personnel compensation: Other personnel compensation		900	
12.1	Personnel benefits: Civilian personnel		41,000	
22.0	Transportation of things		18,400	
23.2	Communications, utilities, and other rent		800	
25.0	Other services: Contracts		15,600	
26.0	Supplies and materials		13,800	
99.9	Total obligations		90,500	

OPERATION AND MAINTENANCE, NAVY

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Navy", \$116,800,000.

Program and Financing (in thousands of dollars)

Identification code	17-1804-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Strategic forces		324	
00.02	General purpose forces		46,740	
00.03	Intelligence and communications		630	
00.07	Central supply and maintenance		30,017	
00.08	Training, medical, and other general personnel activities		4,479	
00.09	Administration and associated activities		34,610	
10.00	Total obligations		116,800	
Financing:				
40.00	Budget authority (appropriation)		116,800	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		116,800	
72.40	Obligated balance, start of year			32,120
74.40	Obligated balance, end of year		-32,120	-6,420
90.00	Outlays		84,680	25,700

Object Classification (in thousands of dollars)

12.1	Personnel benefits: Civilian	9,689	
21.0	Travel and transportation of persons	1,500	
22.0	Transportation of things	5,331	
Other services:			
25.0	Purchases from industrial funds	17,182	
25.0	Contracts	33,900	
26.0	Supplies and materials	49,198	
99.9	Total obligations	116,800	

OPERATION AND MAINTENANCE, MARINE CORPS

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Marine Corps", \$14,500,000.

Program and Financing (in thousands of dollars)

Identification code	17-1106-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.02	General purpose forces		12,210	
00.07	Central supply and maintenance		1,186	
00.08	Training, medical, and other general personnel activities		241	
00.09	Administration and associated activities		863	
10.00	Total obligations		14,500	
Financing:				
40.00	Budget authority (appropriation)		14,500	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		14,500	
72.40	Obligated balance, start of year			4,540
74.40	Obligated balance, end of year		-4,540	-930
90.00	Outlays		9,960	3,610

Object Classification (in thousands of dollars)

12.1	Personnel benefits: Civilian	2,200	
21.0	Travel and transportation of persons	366	
22.0	Transportation of things	1,000	
25.0	Other services: Contracts	4,092	
26.0	Supplies and materials	3,842	
31.0	Equipment	3,000	
99.9	Total obligations	14,500	

OPERATION AND MAINTENANCE, AIR FORCE

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Air Force", \$44,500,000.

Program and Financing (in thousands of dollars)

Identification code	57-3400-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Strategic forces		2,947	
00.02	General purpose forces		5,203	
00.03	Intelligence and communications		1,708	
00.04	Airlift and sealift		7,829	
00.07	Central supply and maintenance		12,682	
00.08	Training, medical, and other general personnel activities		3,084	
00.09	Administration and associated activities		11,023	
00.10	Support of other nations		24	
10.00	Total obligations		44,500	

OPERATION AND MAINTENANCE, AIR FORCE—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code	57-3400-1-1-051	1983 actual	1984 est.	1985 est.
Financing:				
40.00	Budget authority (appropriation)		44,500	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		44,500	
72.40	Obligated balance, start of year			8,450
74.40	Obligated balance, end of year		-8,450	-1,400
90.00	Outlays		36,050	7,050
Object Classification (in thousands of dollars)				
12.1	Personnel benefits: Civilian		33,254	
21.0	Travel and transportation of persons		3,047	
22.0	Transportation of things		4,824	
26.0	Other services: Supplies and materials		2,575	
31.0	Equipment		800	
99.9	Total obligations		44,500	

OPERATION AND MAINTENANCE, DEFENSE AGENCIES

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Defense Agencies", \$20,400,000.

Program and Financing (in thousands of dollars)

Identification code	97-0100-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
Intelligence and communications:				
00.03	Defense Investigative Service		412	
00.03	Defense Mapping Agency		1,187	
00.03	Defense Nuclear Agency		94	
00.03	Intelligence and communication activities		5,137	
00.07	Central supply and maintenance: Defense Logistics Agency		5,847	
Training, medical, and other general personnel activities:				
00.08	Department of Defense schools		1,228	
00.08	American Forces Information Service		16	
00.08	Medical Information System		8	
00.08	Uniformed Services University of the Health Sciences		65	
00.08	Civilian health and medical program of the uniformed services		9	
Administration and associated activities:				
00.09	Secretary of Defense		162	
00.09	Office of Economic Adjustment		2	
00.09	Defense Audio Visual Agency		25	
00.09	Washington Headquarters Service		4,737	
00.09	Joint Chiefs of Staff		19	
00.09	Defense Contract Audit Agency		1,349	
00.09	Defense Legal Service		4	
00.09	Office of the Inspector General		99	
10.00	Total obligations (object class 12.1)		20,400	
Financing:				
40.00	Budget authority (appropriation)		20,400	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		20,400	
72.40	Obligated balance, start of year			2,650
74.40	Obligated balance, end of year		-2,650	-410
90.00	Outlays		17,750	2,240

OPERATION AND MAINTENANCE, ARMY RESERVE

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Army Reserve", \$1,300,000.

Program and Financing (in thousands of dollars)

Identification code	21-2080-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
10.00	Mission forces, total obligations (object class 12.1)		1,300	
Financing:				
40.00	Budget authority (appropriation)		1,300	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		1,300	
72.40	Obligated balance, start of year			230
74.40	Obligated balance, end of year		-230	-70
90.00	Outlays		1,070	160

OPERATION AND MAINTENANCE, NAVY RESERVE

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Navy Reserve", \$500,000.

Program and Financing (in thousands of dollars)

Identification code	17-1806-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Mission forces		200	
00.03	Other support		300	
10.00	Total obligations		500	
Financing:				
40.00	Budget authority (appropriation)		500	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		500	
72.40	Obligated balance, start of year			150
74.40	Obligated balance, end of year		-150	-40
90.00	Outlays		350	110
Object Classification (in thousands of dollars)				
12.1	Personnel benefits: Civilian personnel		300	
26.0	Supplies and materials		200	
99.9	Total obligations		500	

OPERATION AND MAINTENANCE, AIR FORCE RESERVE

(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Air Force Reserve", \$2,600,000.

Program and Financing (in thousands of dollars)

Identification code	57-3740-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Mission forces		1,935	
00.03	Other support		665	
10.00	Total obligations (object class 12.1)		2,600	
Financing:				
40.00	Budget authority (appropriation)		2,600	
Relation of obligations to outlays:				
71.00	Obligations incurred, net		2,600	

72.40	Obligated balance, start of year	220	
74.40	Obligated balance, end of year	- 220	- 20
90.00	Outlays	2,380	200

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD
(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Army National Guard", \$4,300,000.

Program and Financing (in thousands of dollars)

Identification code	21-2065-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Training operations	2,700		
00.03	Headquarters and command support	1,600		
10.00	Total obligations (object class 12.1)	4,300		
Financing:				
40.00	Budget authority (appropriation)	4,300		
Relation of obligations to outlays:				
71.00	Obligations incurred, net	4,300		
72.40	Obligated balance, start of year			800
74.40	Obligated balance, end of year		- 800	- 80
90.00	Outlays	3,500		720

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD
(Supplemental now requested, existing legislation)

For an additional amount for "Operation and maintenance, Air National Guard", \$2,600,000.

Program and Financing (in thousands of dollars)

Identification code	57-3840-1-1-051	1983 actual	1984 est.	1985 est.
Program by activities:				
00.01	Mission forces	2,450		
00.03	Other support	150		
10.00	Total obligations	2,600		
Financing:				
40.00	Budget authority (appropriation)	2,600		
Relation of obligations to outlays:				
71.00	Obligations incurred, net	2,600		
72.40	Obligated balance, start of year			280
74.40	Obligated balance, end of year		- 280	- 50
90.00	Outlays	2,320		230

These supplemental requests would provide funds to finance operations in Lebanon and Grenada and certain civilian personnel benefits costs that were not provided for in the enacted appropriation. These include employer contributions to Social Security for new employees, higher health insurance premium costs, and full reimbursement to the Department of Labor for disability compensation payments actually made to DOD employees.

Object Classification (in thousands of dollars)

Identification code	57-3840-1-1-051	1983 actual	1984 est.	1985 est.
12.1	Personnel benefits: Civilian personnel	2,400		
26.0	Supplies and materials	200		
99.9	Total obligations	2,600		

GENERAL PROVISIONS—MILITARY CONSTRUCTION

The appropriation, "Military construction, Defense Agencies 1984/1988" is amended by inserting the following after "Provided,": "That such amounts of this appropriation as may be determined by the Secretary of Defense may be transferred to such appropriations of the Department of Defense available for military construction as he may designate, to be merged with and to be available for the same purposes, and for the same time period, as the appropriation or fund to which transferred: Provided further,".

This proposed language would permit the transfer of funds from Military Construction, Defense Agencies to other military construction appropriations as determined by the Secretary of Defense.

Section 731 of the Department of Defense Appropriation Act, 1984, is repealed.

This proposed language would permit the Department of Defense to make a full payment to the Federal Employees Compensation Fund in 1984.

Section 794 of the Department of Defense Appropriation Act, 1984, is repealed.

The proposed language would eliminate the requirement that written guarantees be provided for major weapons systems before funds could be obligated or expended on such systems.

SECTION II—INCREASED PAY COSTS FOR THE FISCAL YEAR 1984

For additional amounts for appropriations for the fiscal year 1984, for increased pay costs authorized by or pursuant to law as follows:

DEPARTMENT OF DEFENSE—CIVIL

Cemeterial expenses, Army: "Salaries and expenses", \$99,000;

Corps of Engineers—Civil:

"General investigations", \$2,000,000 to remain available until expended to be derived from "Construction general";

"General expenses"; \$2,800,000 to remain available until expended to be derived from "Construction general";

Soldiers' and Airmen's Home: "Operation and maintenance", \$362,000.

SECTION III—SUPPLEMENTAL APPROPRIATIONS REQUESTS PENDING BEFORE THE CONGRESS

Department of Defense—Military

MILITARY CONSTRUCTION

MILITARY CONSTRUCTION, NAVY

(Supplemental pending)

For an additional amount for "Military construction, Navy", 1984/1988, \$30,000,000, to remain available for obligation until September 30, 1988.

Program and Financing (in thousands of dollars)

Identification code 17-1205-6-1-051	Budget plan (amounts for construction actions programmed)			Obligations		
	1983 actual	1984 est.	1985 est.	1983 actual	1984 est.	1985 est.
Program by activities:						
10.00 Major construction, total obligations (object class 32.0)		30,000			25,914	2,586
Financing:						
21.40 Unobligated balance available, start of year: For completion of prior year budget plans						—4,086
24.40 Unobligated balance available, end of year: For completion of prior year budget plans					4,086	1,500
40.00 Budget authority (appropriation)		30,000			30,000	
Relation of obligations to outlays:						
71.00 Obligations incurred, net					25,914	2,586
72.40 Obligated balance, start of year						20,874
74.40 Obligated balance, end of year					—20,874	—10,350
90.00 Outlays					5,040	13,110

MILITARY CONSTRUCTION, AIR FORCE

(Supplemental pending)

For an additional amount for "Military construction, Air Force", 1984/1988, \$55,000,000, to remain available for obligation until September 30, 1988.

Program and Financing (in thousands of dollars)

Identification code 57-3300-6-1-051	Budget plan (amounts for construction actions programmed)			Obligations		
	1983 actual	1984 est.	1985 est.	1983 actual	1984 est.	1985 est.
Program by activities:						
10.00 Major construction, total obligation (object class 32.0)		55,000			34,650	12,100
Financing:						
21.40 Unobligated balance available, start of year: For completion of prior year budget plans						—20,350
24.40 Unobligated balance available, end of year: For completion of prior year budget plans					20,350	8,250
40.00 Budget authority (appropriation)		55,000			55,000	
Relation of obligations to outlays:						
71.00 Obligations incurred, net					34,650	12,100
72.40 Obligated balance, start of year						27,480
74.40 Obligated balance, end of year					—27,480	—14,850
90.00 Outlays					7,170	24,730

PROPOSED SUPPLEMENTALS AND RESCISSION PROPOSALS

II-39

These supplemental appropriations are pending before the Congress. The funds would support the construction of joint facilities in support of the Rapid Deployment Force at Ras Banas, Egypt (\$55.0 million) and would also provide for a fueling pier at Keflavik, Iceland (\$30 million).

Fund and the use of reprogramming procedures have eliminated the need for the authority.

PART III

OFF-BUDGET FEDERAL ENTITIES

III-1

This part of the budget has not been extracted for reprinting and distribution by the Department of Defense. It may be referred to on pages III-1 through III-15 of "The Budget of the United States Government" (Appendix).

PART IV

OTHER MATERIALS

IV-1

Pages IV-1, IV-2, IV-5 and IV-7 have been extracted and reprinted herein.

The entire part may be referred to on pages IV-1 through IV-7 of "The Budget of the United States Government" (Appendix).

EXPLANATION OF OTHER MATERIALS

This section includes the following material:

(a) a list of advance appropriations, as required by the Congressional Budget Act of 1974 (31 U.S.C. 1105(17)), a list of appropriations with advance funding provisions, and a list of appropriations with forward funding provisions.

(b) a statement of amendments and revisions to 1984 budget authority requests that were transmitted to the

Congress after the 1984 budget but prior to the transmittal of the 1985 Budget, as required by the Congressional Budget Act of 1974.

(c) a statement of the amounts of appropriations requested for Offices of Inspectors General, as required by section 3 of the Federal Managers' Financial Integrity Act of 1982 (Public Law 97-255).

IV-2

STATEMENT OF AMENDMENTS TO AND REVISIONS IN BUDGET AUTHORITY FOR 1984

(Between the Transmittal of the 1984 and 1985 Budgets)

A statement of all amendments to or revisions in budget authority requested between submission of the 1984 budget and the 1985 budget is presented below. This statement is being included in the budget in accord with the Congressional Budget Act of 1974 (31 U.S.C. 1105(d)).

The modifications to requests for 1984 budget authority that were made through the course of the past year took three forms. If the Congress had not yet acted on a pending request, the President sent amendments to the budget requests transmitted in January, 1983. If appropriations had been enacted, the President proposed

either supplemental budget authority or rescission of enacted appropriations.

Amendments and requests for supplemental appropriations are printed in the documents of the House of Representatives and the Senate that are identified in part A of the following listing. The President's proposals for rescission are included in special messages to the Congress under the Impoundment Control Act of 1974 (Public Law 93-344). Both the special messages and monthly cumulative reports on the items they cover are printed in the Federal Register.

PART A. AMENDED AND SUPPLEMENTAL REQUESTS RELATING TO 1984 BUDGET AUTHORITY

Transmitted to Congress on	Agencies affected	Printed as
April 20, 1983.....	Legislative Branch, the Judiciary, Office of the United States Trade Representative, International Security Assistance, International Development Assistance, Department of Agriculture, Department of Defense-Civil, Department of Education, Department of Energy, Department of Health and Human Services, Department of Housing and Urban Development, Department of the Interior, Department of Justice, Department of Labor, Department of Transportation, Department of the Treasury, Veterans Administration, General Services Administration, District of Columbia, International Trade Commission, Panama Canal Commission, Tennessee Valley Authority.	H. Doc. 98-50
May 3, 1983.....	Legislative Branch, the Judiciary, Federal Home Loan Bank Board.....	H. Doc. 98-58
May 17, 1983.....	Department of Defense-Military, Department of Health and Human Services, Board of International Radio Broadcasting.	H. Doc. 98-62
May 23, 1983.....	Legislative Branch, Department of Energy.....	H. Doc. 98-65
June 9, 1983.....	Department of Health and Human Services, Department of Transportation.....	S. Doc. 98-9
June 20, 1983.....	Legislative Branch, Department of Energy, Department of Justice, Environmental Protection Agency.	H. Doc. 98-73
July 13, 1983.....	Legislative Branch, Department of Transportation.....	H. Doc. 98-83
July 19, 1983.....	Department of the Interior.....	H. Doc. 98-83
August 8, 1983.....	Arms Control and Disarmament Agency.....	H. Doc. 98-101
August 12, 1983.....	Department of Agriculture, Department of the Interior, International Trade Commission.....	H. Doc. 98-102
September 15, 1983.....	International Development Assistance, Department of Agriculture, Department of Commerce, Department of Defense-Military, Department of Health and Human Services, Department of the Interior, General Services Administration.	H. Doc. 98-111
October 3, 1983.....	Veterans Administration.....	H. Doc. 98-115
October 17, 1983.....	Department of Commerce.....	S. Doc. 98-17
November 12, 1983.....	Legislative Branch, International Development Assistance, Department of Defense-Military, National Foundation on the Arts and Humanities.	H. Doc. 98-127
November 15, 1983.....	Department of Defense-Military.....	H. Doc. 98-133

APPROPRIATIONS REQUESTED FOR OFFICES OF INSPECTORS GENERAL

A statement of the amounts of appropriations requested for the Office of Inspector General for Federal departments or establishments is provided below. This statement is submitted in accordance with section 201 of the Budget and Accounting Act, 1921, as amended by section 3 of the Federal Managers' Financial Integrity Act of 1982, Public Law No. 97-255. The following table shows the amount of budget authority requested for 1985 for the Offices of Inspectors General.

		<i>Budget Authority 1985 estimate (in thousands of dollars)</i>
Office of Inspector General in Departments or other units:		
Agriculture.....		46,066
Commerce.....		13,984
Defense.....		50,394

Education.....	15,312
Energy.....	21,708
Health and Human Services.....	67,491
Housing and Urban Development.....	18,640
Interior.....	18,053
Labor.....	39,465
State.....	5,397
Transportation.....	27,306
Treasury.....	5,662
Agency for International Development.....	16,887
Environmental Protection Agency.....	17,805
General Services Administration.....	21,473
National Aeronautics and Space Administration.....	4,700
Office of Personnel Management.....	265
Small Business Administration.....	6,055
Veterans Administration.....	19,605
Total budget authority.....	416,268

PART V

GOVERNMENT-SPONSORED ENTERPRISES

V-1

This part of the budget has not been extracted for reprinting and distribution by the Department of Defense. It may be referred to on pages V-1 through V-13 of "The Budget of the United States Government" (Appendix).